BOUNDARY BEND LIMITED

Boundary Bend Limited and controlled entities
ABN 32 115 131 667

Financial report
For the year ended 30 June 2014

BOUNDARY BEND
LIMITED
Australia's premier olive company
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EXECUTIVE CHAIRMAN'S REPORT

24 September 2014

Dear Shareholders

The lower than expected 2014 harvest resulted in a disappointing financial result for the company. However, there were many highlights during the year including

- continued strong sales of Cobram Estate and Red Island
- establishment of a wholly owned business in the USA
- finalisation of a private placement for $8.8 million at a price of $3.80 per share
- payment of a fully franked dividend of 10 cents per share
- appointment of Matthew Bailey as a non-executive director
- unprecedented show success from the 2014 harvest with Cobram Estate awarded 8 Best in Class trophies, 3 Best in Show trophies and 29 Gold medals

Results

The consolidated entity's (Boundary Bend) 2014 profit after tax is $0.49 million compared with last year's profit after tax of $53.44 million. Last year's result included an after tax increase in grove valuation of $28.06 million.

The trading loss before tax was $1.68 million, which was predominantly driven by the smaller 2014 crop of 7.95 million litres (see detailed explanation below), compared with 13.58 million litres in 2013.

Year ending 30 June	**2014 ($'000)**	**2013 ($'000)**
Trading profit/(loss)	(1,678)	28,710
Impairment of non-current assets	(107)	-
Change in fair value of olive grove - profit/(loss)	-	40,079
Income tax (expense) / benefit	2,276	(15,346)
Profit/(loss) after income tax expense	**491**	**53,443**

In contrast to the small reported profit, Boundary Bend had positive operating cashflow[1] of $10.68 million for the 2014 financial year and despite the disappointing 2014 crop result we are expecting an operating cashflow surplus for our Australian operations of approximately $10 million for the 2015 financial year. Our USA business is expected to require approximately $1.2 million to fund the operations during its first full year (FY15).

Boundary Bend's full year trading result in any one year is substantially impacted by the volume of oil produced from each year's harvest. Under the Accounting Standard AASB 141 "Agriculture" (with which

[1] Operating cashflow is the cashflow generated from operating activities and therefore excludes items such as capital expenditure, debt repayment, equity raising and dividends.

Boundary Bend must comply), the oil is required to be measured at fair value less the anticipated selling costs. This means that the expected profit or loss relating to the sale of oil is recognised in the year of harvest, as opposed to when the oil is actually sold. Cash from the oil is generated as the oil is sold, meaning that profit does not align with the company's cash flows. Therefore, the actual cash profit from the 2014 oil production will be realised when it is sold. If the oil is sold for a higher price than the value attributed to the oil at 30 June 2014, a profit is recorded at the point of sale and the reverse happens if the oil is sold for less than the value attributed at 30 June.

As at 30 June 2014 the company had gross assets of $232.49 million and net assets of $134.39 million. The net assets per share decreased from $2.64 at 30 June 2013 to $2.60 at 30 June 2014. During the year Boundary Bend reduced its external debt by $4.42 million, which reduced its gearing ratio[2] from 30.82% at 30 June 2013 to 27.97% at 30 June 2014.

It is also worth noting that as part of the gross asset value, the Cobram Estate and Red Island brands are carried at cost ($6.35 million), despite generating gross sales for the year to 30 June 2014 of $63.40 million.

Future Earnings

As previously indicated, BBL's profitability correlates closely with its total olive oil production and the price we can achieve when selling our olive oil. Operating costs are mostly fixed and predictable and therefore any movement in gross revenue has a significant impact on profitability.

Accurately estimating next year's oil production is a difficult process due to the scale of the groves and the many assumptions that need to be incorporated about future seasonal conditions and their impact on fruit numbers, weight and oil content at the time of harvest. More than anything the variability of our profit is driven by fluctuating yields.

For example, in 2013 we forecast a trading profit before tax of $3.8 million but produced $28.7 million. In 2014 we estimated a trading profit before tax of $13.8 million and produced a trading loss before tax of $1.7 million.

Therefore, it is self-evident that due to external factors such as weather and the global olive oil price, accurately forecasting our annual crop and hence forecast full year profit is very difficult.

Keeping the above comments in mind, we are forecasting our 2015 harvest to produce approximately 13.5 million litres, which is forecast to deliver a trading profit before tax of approximately $25 million. However for each 1 million litres of oil more or less than forecast the profit before tax increases or decreases by approximately $4.7 million.

As noted below, we expect the crop this coming year to be significantly higher than the 2014 crop due principally to the trees responding to the lower than expected 2014 crop.

Dividend

It is the Board's intention to pay a dividend (only partially franked) of 10 cents per share in February 2015 (the same period as last year). Further details including the record and payment date will be announced at the AGM on the 24 October 2014.

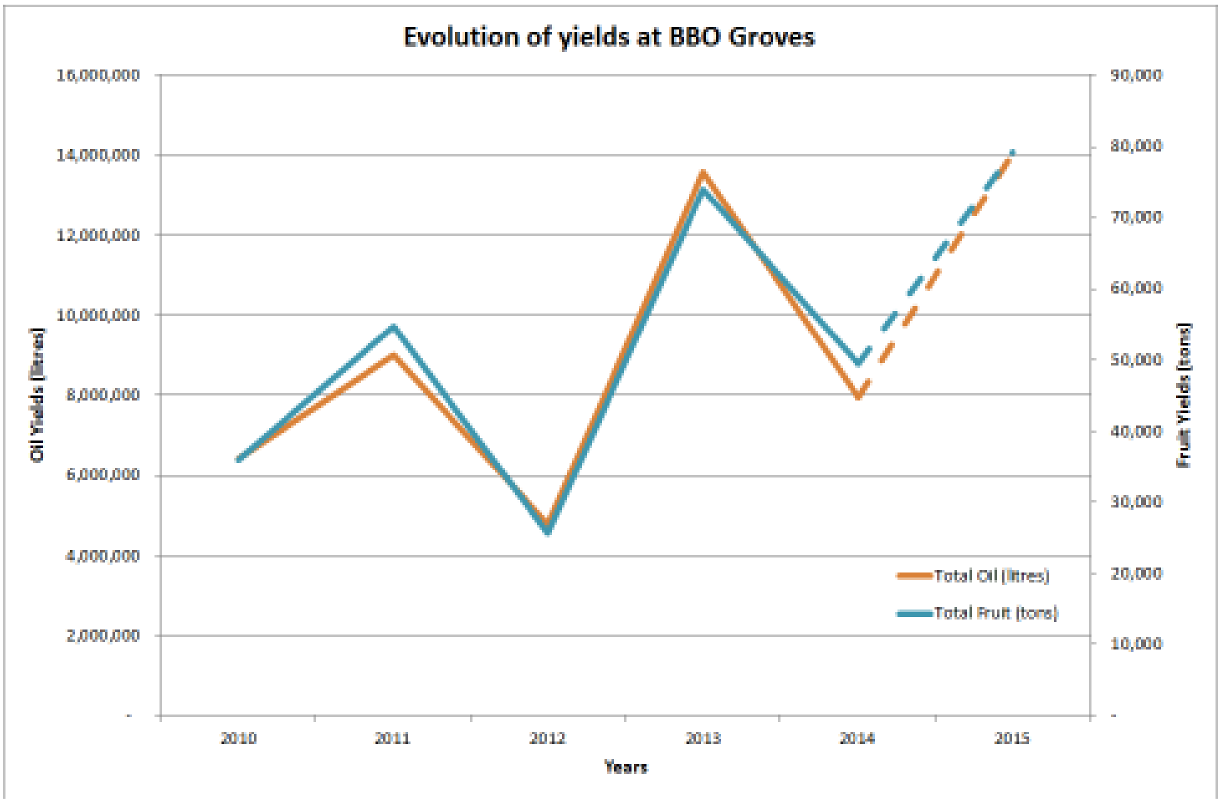
[2] Gearing ratio is equal to Net External Debt divided by Tangible Assets

EXECUTIVE CHAIRMAN'S REPORT

Harvest 2014

Naturally the Board shares your disappointment with the lower than anticipated harvest. Although it does not change the result, it is worth noting:

- The crop was expected to be lower (as outlined in previous correspondence) due to the nature of the production cycle of olive trees which usually deliver a large crop one year followed by a smaller crop the following year.
- Fruit tonnage was approximately 49,414 tonnes, down 6.4% on our January estimates which are based on physical fruit counting from representative areas of the groves.
- The oil content in the fruit in 2014 was significantly lower than our long term average with the total oil extraction being 16.1% (volume of oil extracted as a percentage of fresh fruit weight) ("V/W") versus our average long term extraction rate of 18.1% V/W. This is the second lowest oil accumulation and therefore the second lowest extraction rate recorded since harvests first began at Boundary Bend in 2002.
- Below is a graph showing total fruit and oil produced at Boundary Bend's groves since 2010. Note 2012 was the harvest impacted by floods and triggered a more pronounced alternate bearing that we are gradually trying to reduce.

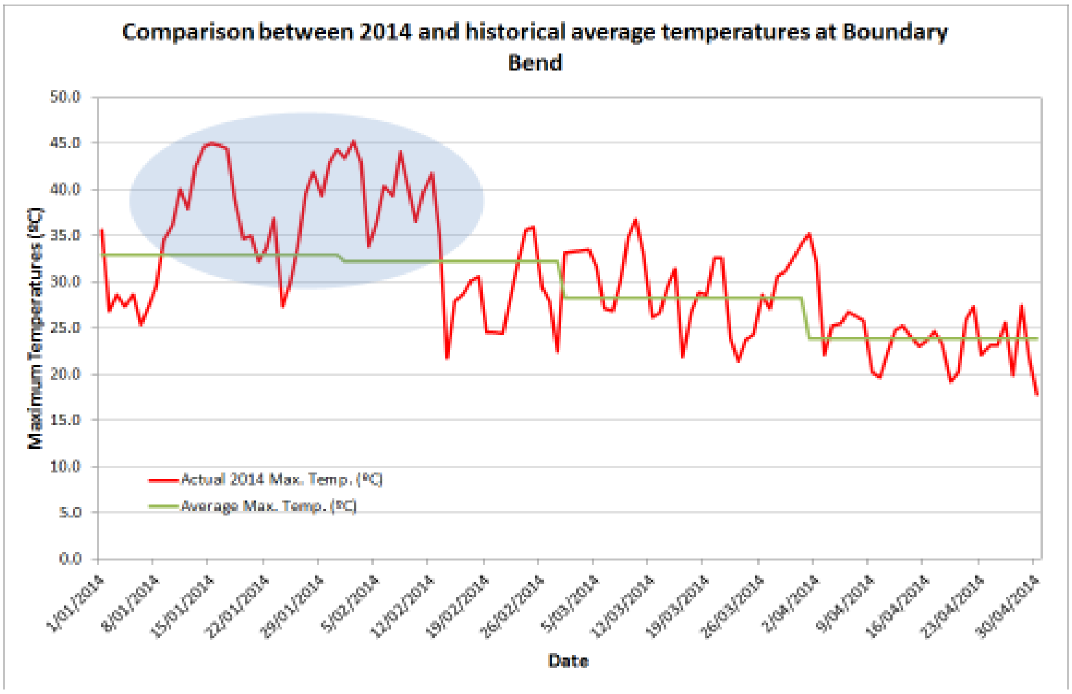


Note: dotted lines represent current forecasts

Environmental reasons behind low oil yields

Even though the factors that determine oil accumulation rate in olives are well known, it is difficult to evaluate precisely and predict which of them have had, or will have, more influence and to what extent. Nonetheless, it is very likely that higher than average temperatures at the start of the oil accumulation period (Jan/early Feb) and heavy February/March rains that increased fruit moisture just before harvest played a major role in the lower than average oil yields.

The following graph compares the actual maximum daily temperatures for Boundary Bend in 2014 (in red) vs the maximum daily averages for the site. As can be seen in the highlighted blue zone, temperatures during most of January and the first half of February were well above average.



In the case of olives, temperatures above 35ºC lead to a sharp reduction in their photosynthetic ability and consequent capacity to accumulate oil in the fruit. Temperatures above 40ºC are known to completely shut down the oil accumulation process. The following table compares the average number of days at Boundary Bend when the temperature reached 35ºC and 40ºC against the records of this summer.

2014 vs. average number of hot days at Boundary Bend

	Jan	Feb	TOTAL
Av. Nº days above 40ºC	3.5	1.8	**5.3**
Av. Nº days above 35ºC	11.0	8.9	**19.9**
2014 Nº days above 40ºC	9.0	8.0	**17.0**
2014 Nº days above 35ºC	17.0	15.0	**32.0**
Variation	**157%**	**344%**	**221%**
Variation	**55%**	**69%**	**61%**

As we can see from the table, this season there has been a significantly higher number of days with temperatures above 35ºC (+ 61%) but, most importantly, there has been an even more significantly higher number of days with temperatures above 40ºC (+221%), particularly in February.

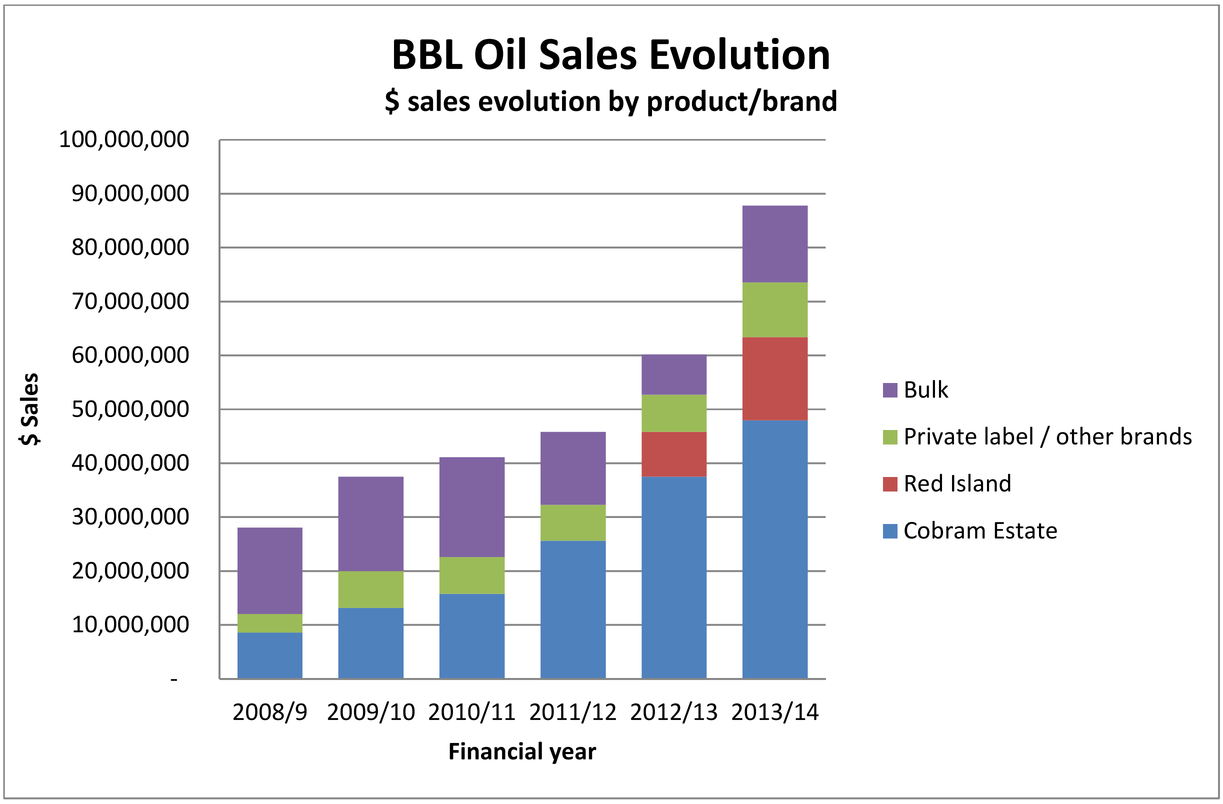
Outlook for 2015 crop

Looking forward we expect a significant crop increase in 2015. This view is based on a number of reasons, which include:

- Our areas of younger groves are still coming into mature production
- The natural cycle of the trees enables them to produce a bigger crop the year following a light crop as can be seen by the earlier graph of historic production.
- The last stage of heavy pruning to recover trees after floods was completed last year and the entire grove at Boort will be commercially productive.

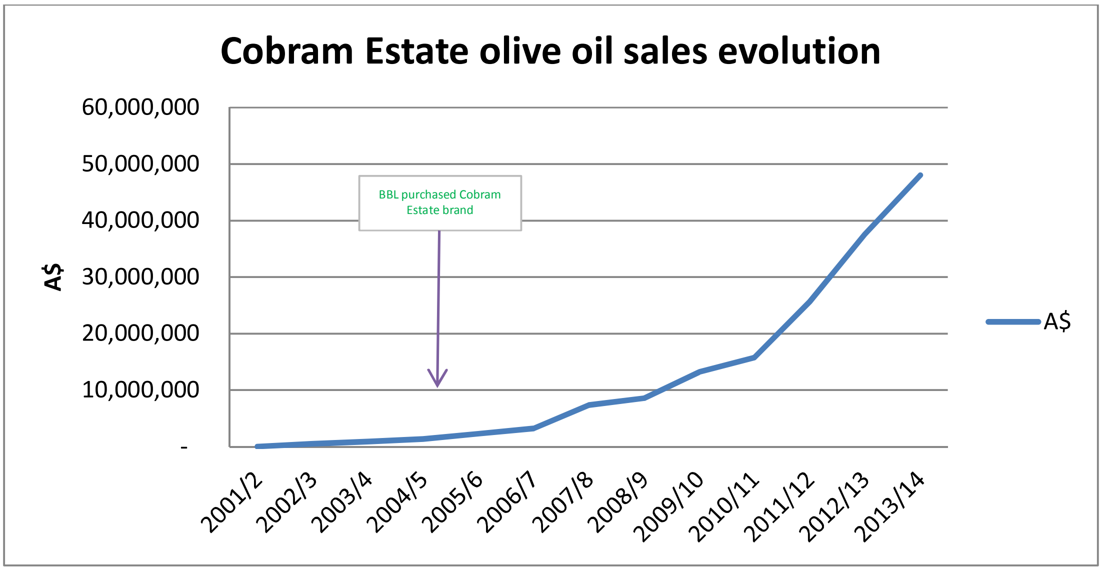
FY2014 Sales Summary

BBL oil sales grew 46% in value terms for the year ending 30 June 2014, with sales totalling $87.8 million, up from $60.2 million in the previous year. Packaged goods revenue grew to $73.5 million (84% of total) whilst sales of bulk oil (containers 1,000 litres plus) totaled $14.3 million (16% of total).



Source: BBL, September 2014

Cobram Estate finished the year with total sales of $48.0 million, up 28% on 2013/14. A summary of the evolution of Cobram Estate sales can be seen in the following chart. BBL acquired the brand in December 2006.



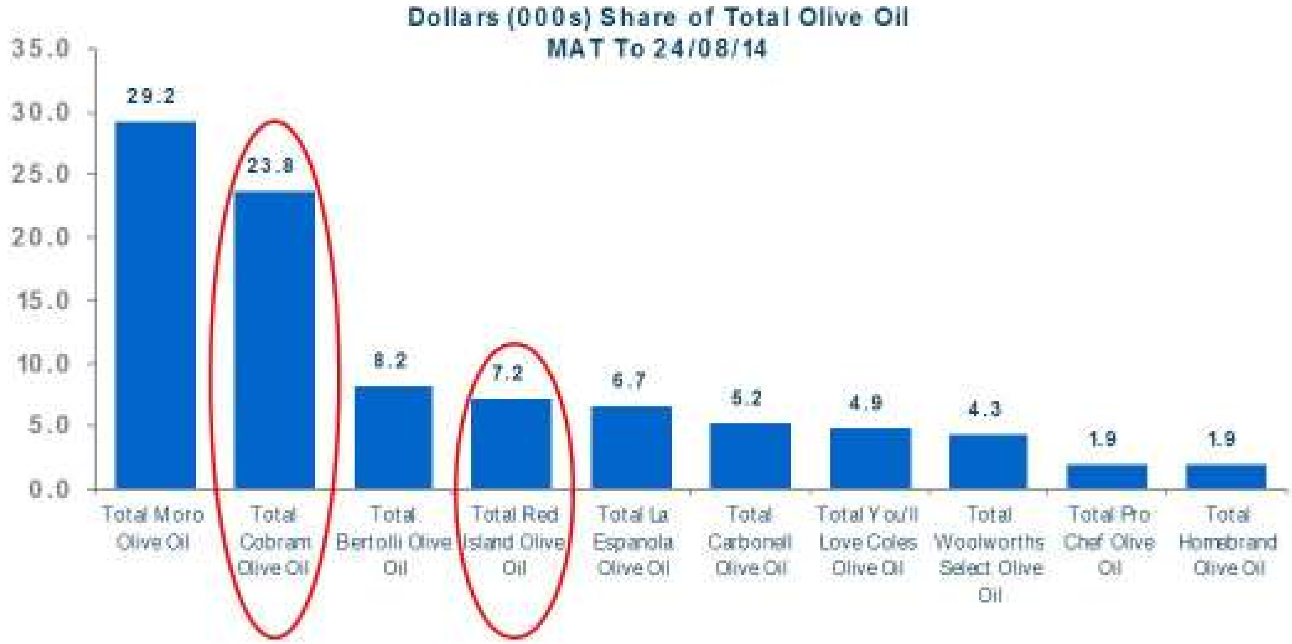
Source: BBL, September 2014

Cobram Estate Range

Our recently acquired Red Island brand contributed sales of $15.4 million during the first full year of trading.

Red Island Range

BBL's brands are currently ranked #2 and #4 by value in the total olive oil category (including sales of refined olive oils) behind Moro as indicated in the following table. In the extra virgin sub-category, Cobram Estate is ranked #1 by value and Red Island #3 by value.



Source: Aztec, September 2014 (note: MAT = Moving Annual Total)

<u>Sales update since 30 June 2014</u>

Sales have started the new financial year strongly, with packaged goods sales of $10.9 million for the first two months. We have some great new initiatives coming up to assist sales growth in addition to our regular promotions and we anticipate that this will continue to drive strong growth in 2014/15.

<u>Marketing</u>

BBL's 2014 harvest and new season oil launch were a major focus of our marketing activity. A highlight of the harvest was the visit to Boundary Bend by the Today Show weather team (Channel 9) and host Stevie Jacobs. The harvest visits were followed by our new season oil launch campaign via TV and Outdoor supersites, supported by in-store activity and an intense public relations push.

To view the highlights of the Today Show weather cross, please visit:

https://www.youtube.com/watch?v=6pdJTfk8EyU

To view our 2014 harvest TV ad please visit:

https://www.youtube.com/watch?v=_bLq9uyqdBA

EXECUTIVE CHAIRMAN'S REPORT

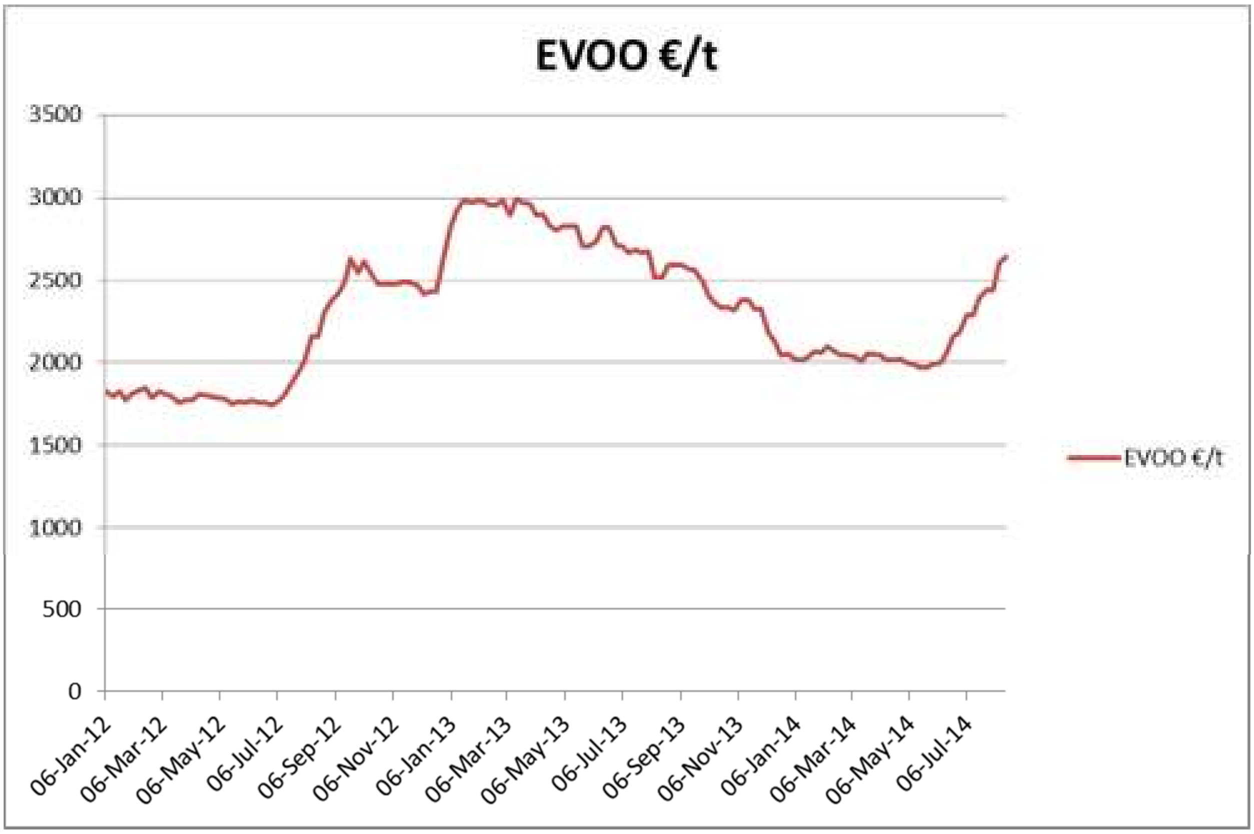
Cobram Estate continues to receive awards for producing outstanding quality olive oils. The highlight for our 2014 oils to date was being judged the most successful exhibitor for the second year in succession at the New York International Olive Oil Competition, the world's largest, featuring over 700 olive oils from all over the world. BBL received five gold medals from the five oils entered in this prestigious competition, with two of these oils being awarded Best in Class trophies, the highest award at the competition. These awards were strongly promoted through magazine and TV advertising and through public relations.

In a first Cobram Estate was also awarded Champion oil in Sydney, Melbourne and Adelaide shows. This year also saw Red Island being recognised by the industry at the 2014 National Australian Extra Virgin Olive Oil show, winning Best in Show.

Throughout the 2014 award season for Boundary Bend has been incredibly successful with Cobram Estate awarded with 8 Best in Class trophies, 3 Best in Show trophies and 29 Gold medals.

Global extra virgin olive oil prices

Having recovered from historical lows experienced during the period 2010-2012, global extra virgin olive oil prices fell approximately 25% during 2013/14 due largely to a record crop in Spain. Recently prices have again started to climb in anticipation of a smaller crop in Spain which could result in tightening of olive oil supplies globally. The chart below highlights the movement in Spanish extra virgin olive oil (EVOO) prices in Euro per ton (€/t) from January 2012 through to August 2014.



Source: Poolred.com 2012-2014

EXECUTIVE CHAIRMAN'S REPORT

A snapshot of the Company

BBL is a vertically integrated olive company and the largest producer and marketer of extra virgin olive oil in Australia. The company owns 2.14 million olive trees on total land area of 10,000ha, two of the world's top ten largest oil mills, a 9ha commercial site near Geelong and Australia's leading retail brands Cobram Estate and Red Island. BBL also owns 1,500ha of vacant land and water allocation in Argentina that is highly suited to olive growing. During the year, Boundary Bend expanded operations into the USA with the purchase of an 8.8 acre industrial site in Woodland in the Sacramento valley, California.

Business Units

Nursery and Technical Advice

- Boundary Bend has a specialist olive nursery and provides olive specific horticultural and technical advice and applied research.
- The nursery grows Australia's largest commercial collection of olive varieties:
    - There are 39 varieties in its collection.
    - It predominantly supplies premium grade olive trees to commercial growers (including our own groves).
    - It has the capacity to produce more than 1 million trees per year.
    - This specialist facility is strategically located at Lara with access to key transport routes and retail markets.
- Modern Olives' technical team provides horticultural and olive specific technical advice to many of the leading olive developments in the Southern Hemisphere:
    - Its internationally recognised technical experts have extensive experience in grove layout and management, olive varieties and mechanical harvesting technologies.
    - In addition to Australia, it has been actively involved with clients and industry organisations in Europe, Argentina, Peru, USA, Japan, South Africa, California and New Zealand.
- Modern Olives has established an ISO accredited commercial olive oil laboratory at Lara, Victoria:
    - It provides a comprehensive suite of olive and olive oil tests that are required for labelling, nutritional, quality and authenticity purposes.
    - The laboratory clients include growers, oil traders, retailers, marketers, researchers and government.
    - **Three times in the last 7 years the Laboratory has won first place in the prestigious American Oil Chemists Society (AOCS) intercomparison test for being the most accurate olive oil lab in the world.**

Groves

- Boundary Bend's weighted average age of trees is 9.0 years. Olive trees typically do not reach yield maturity until years 8 to 10.
- 36.7% of Boundary Bend's groves are aged 7 years or less.

- Boundary Bend continues to invest in a new planting and/or replacement program with 36,991 new trees planted in 2010, 95,082 planted in 2011, 22,558 planted in 2012, 99,898 planted in 2013 and we are in the process of planting approximately a further 80,000 trees.
- We purchase the groves' water requirement on the temporary market.
- Boundary Bend is recognised as being one of the lowest cost producers of extra virgin olive oil globally:
  - Intensive management of groves and use of proprietary world-leading processing and harvesting technology and systems allows Boundary Bend to achieve significant economies of scale and processing efficiencies relative to other domestic and global producers.
  - A significant program is currently being undertaken to enhance long term fruit yields.
- The quality of Boundary Bend's extra virgin olive oil is consistently amongst the world's best.
- Boundary Bend commands an overwhelming share of Australia's olive oil production (~60%).

Boundary Bend Estate Grove

- It comprises 3,492 hectares of developed, irrigated olive groves across two properties in north-western Victoria:
  - 2,659 hectares at Boundary Bend
  - 833 hectares at Wemen.
- Infrastructure:
  - Boundary Bend Estate operates one of the world's top ten olive oil processing plants (by capacity), capable of processing more than 58 tonnes of olives per hour to make premium extra virgin olive oil.
  - A sophisticated computerised pressure drip-irrigation system operates throughout the groves.
- A significant program is currently being undertaken to enhance long term fruit yields including replacing underperforming trees/varieties.
- 1.25 million trees are planted, representing major oil varieties including Arbequina, Barnea, Coratina, Picual, Frantoio, Leccino, Hojiblanca, Koroneiki and Picholine.

Boort Estate Grove

- Boort is one of the world's largest single estate olive groves:
  - The estate comprises approximately 885,510 trees on an area covering 2,569 hectares.
- 640 hectares of additional land highly suited to olive growing available to plant.
- Infrastructure:
  - Boort Estate operates one of the world's top ten olive oil processing plants (by capacity).
  - It is capable of processing more than 40 tonnes of olives per hour to make premium extra virgin olive oil.

- A sophisticated computerised pressure drip-irrigation system operates throughout the grove.

Storage, Processing and Bottling

- Boundary Bend has state-of-the-art processing facilities at Boort Estate and Boundary Bend Estate with combined production capacity of ~98 tonnes of olives per hour:
  - Both facilities have 'top ten' global ranking (by size and output).
- There is substantial oil storage capacity in custom designed stainless steel tanks:
  - 1.7 million litre capacity at Boundary Bend Estate
  - 4.8 million litre capacity at Boort Estate
  - 4.0 million litres at Lara.
  - There is expansion capacity to install 10 million litres of additional storage if required at Lara.
- By controlling all of its own storage facilities, Boundary Bend is not forced to sell oil on the spot market post-processing, thus achieving 'best pricing' with the ability to meet customer orders over the course of the year.
- Boundary Bend operates a contract oil filling and packaging plant at its Lara facility:
  - In addition to Cobram Estate, Red Island and other branded productions, Boundary Bend also contract packs private label products.
  - Technological systems are in place to track oil from grove to batch number and sales destination.
  - It has the capability to fill up to 4,000 units an hour.
  - The current bottling facility is at capacity and we have therefore committed to purchase a new bottling line. The new line will increase bottling capacity from approximately 4,000 bottles per hour to in excess of 12,000 bottles per hour. The new line is scheduled to be delivered in October 2014.

USA

Background

For a number of years Boundary Bend has had aspirations to leverage our Australian expertise, systems and know-how into the US market due principally to the size of the market and the many production and consumption similarities with Australia.

The USA is the fourth largest market in the world for olive oil consumption. Since 1984/85, the consumption of olive oil in the USA has grown from 45 million litres per annum to over 340 million litres per annum. However, US-grown olive oil only equates to 3.8% of total consumption because it is limited by supply. In fact, last harvest Boundary Bend's Australian groves produced more olive oil than the entire US production.

We believe we can replicate, in the USA, the success of our Australian integrated business, but we are taking a conservative, long-term approach to our business strategy and will source much of our supply from 3rd party olive farmers.

EXECUTIVE CHAIRMAN'S REPORT

Current status

On the 30 June 2014 this year we settled on an 8.8 acre commercial site for US $1.985m in the City of Woodland which is about 20 minutes drive north of Sacramento, and approximately 1 hour east of San Francisco in California. The site has 3 acres or existing shedding and is currently undergoing a US$ 6m Phase 1 refurbishment / fit out to include a laboratory, office, milling operation, and oil storage facility. The site will allow for additional expansion as production increases with Phase 2 and 3 of the build-out forecast for 2017/18.

We also intend to purchase suitable land in the near future to introduce our successful Australian olive production model and olive varieties to the USA to complement California's super high-density production model. The counter-seasonal production of olives in the USA will enable Boundary Bend Limited to make better use of its technical, growing and processing staff and expertise throughout the year.

The CEO of our US operations is Adam Englehardt. Adam is a Californian resident who is a highly respected olive production specialist. Prior to joining BBL he has led the development of some of the leading US olive groves.

The USA business is 100% owned by Boundary Bend Limited.

Equity Placement

As announced in June, Boundary Bend finalised a private placement during the year for $8.8 million at a price of $3.80 per share. All shares issued in Boundary Bend Limited (including the new shares) are the same class and therefore all rank equally.

Appointment of Non Executive Director

As announced in March, Matthew Bailey joined the board of Boundary Bend as a non-executive director.

Matthew has significant experience in marketing and branding strategies, being the founding partner and managing director of Junior, a successful advertising agency which employed 75 people with offices in Sydney and Brisbane, prior to being purchased by John Singleton's STW Group in 2007.

Advice of AGM

Please be advised that the Annual General Meeting of shareholders will be held at 151 Broderick Road, Lara on Friday the 24th of October 2014, 10.30am coffee for an 11.00am start. A formal notice of meeting will also be posted to shareholders.

In closing I would like to thank our loyal and dedicated staff and directors. I would also like to sincerely thank shareholders for their continued support.

If you have any questions please call me on 0418 955 363 or email r.mcgavin@boundarybend.com

Kindest regards

Rob McGavin
Executive Chairman

DIRECTORS' REPORT

The Directors present their report together with the financial report of Boundary Bend Limited and controlled entities for the year ended 30 June 2014 and auditors report thereon.

Directors names

The names of the Directors of Boundary Bend Limited in office at any time during or since the end of the year are:

Robert McGavin
Paul Riordan
Leandro Ravetti
Tim Jonas
Craig Ball
Jonathan West
Timothy Smith
Matthew Bailey (Appointed 1 February 2014)

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Company secretary

Samuel Beaton

Results

The profit of the consolidated entity for the year after providing for income tax amounted to $0.5 million (2013: $53.4 million profit). For detailed comments in relation to the result of the consolidated entity during the financial year, please refer to the Executive Chairman's report.

Review of operations

For detailed comments in relation to a review of operations of the consolidated entity during the financial year and the results of those operations, please refer to the Executive Chairman's report.

Significant changes in state of affairs

In May 2014 the consolidated entity announced to Shareholders its expansion strategy into the USA, and the intention to replicate its vertically integrated olive oil business in the USA. On 30 June 2014 the consolidated entity purchased a commercial site in Woodland, California for US$1.985 million, that will be developed into an olive oil testing laboratory and processing facility with bulk storage. The USA business and entities are 100% owned by Boundary Bend Limited.

Principal activities

The principal activities of the consolidated entity during the year were management of our olive groves, production of olive oil for sale, marketing of olive oil, provision of management and consulting services for the olive industry, propagation of olive trees for sale and the production of olive harvesters.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely developments

For further comments in relation to the likely developments please refer to the Executive Chairman's report.

Environmental regulation

The consolidated entity's operations are subject to environmental regulations under the laws of the Commonwealth and of a State or Territory.

The consolidated entity is subject to regulations stipulated by the Environmental Protection Authority (EPA), Department of Sustainability and Environment concerning native vegetation and the Lower Murray Water Council for irrigation and drainage.

The Directors are not aware of any material breaches of environmental laws and regulations.

DIRECTORS' REPORT

Dividends paid, recommended and declared

On 25 October 2013, the directors declared a fully franked dividend of 10 cents per share to the holders of fully paid ordinary shares in respect of the full-year ended 30 June 2013, that was paid to shareholders on 17 February 2014 (record date 31 January 2014). A Dividend Reinvestment Plan (DRP) was offered to shareholders. A total of 7,393,369 shares participated in the DRP, representing a reinvestment of $739,336.90 through the issue of 308,003 new shares.

Information on directors

Robert McGavin	Age 45
Experience	Rob is a co founder of the BBL Group and has extensive experience in the agribusiness sector. He is directly involved in a large scale vineyard in South Australia, a grazing operation in Western Queensland, a cropping and grazing operation in South Western Victoria, as well as Boundary Bend Ltd's development and management. Rob is also a board member of Marcus Oldham Agricultural College.
Special responsibilities	Rob is the Executive Chairman of Boundary Bend Ltd.
Paul Riordan	Age 42
Experience	Paul Riordan has extensive experience in the olive industry having worked in the industry since 1996 and is a co founder of the Boundary Bend Group. He currently oversees the operations of the olive groves and the manufacturing of the olive harvesting equipment. Paul was also appointed as a Non-Executive Director of Select Harvests Limited on 2 October 2012.
Special responsibilities	Paul is the Operations Director of Boundary Bend Ltd.
Leandro Ravetti	Age 41
Experience	Leandro joined the Boundary Bend group from Argentina where he had been working with many of the largest olive developments. Leandro was acknowledged as one of Argentina's most experienced and respected olive advisors and researchers dealing specifically with "modern" olive production. This experience adds to his vast knowledge of varieties, olive cultural practices, olive oil processing and oil chemistry. Leandro is highly valued and respected within the Boundary Bend Group and a great resource for the Australian Olive industry.
Special responsibilities	Leandro is the Technical Director of Boundary Bend Ltd.
Tim Jonas	Age 68
Experience	Tim is a retired partner and former National Chairman of Pitcher Partners but continues as a consultant to that firm. He holds a number of directorships and provides business advice to a wide range of businesses particularly in the agribusiness sector. He has been involved with Boundary Bend from its inception. His qualifications include a Master of Business Administration (University of Melbourne), Bachelor of Commerce (University of Melbourne) and Fellow of the Institute of Chartered Accountants in Australia.
Special responsibilities	Tim is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.
Craig Ball	Age 58
Experience	Craig Ball is an executive director of stockbrokers Taylor Collison Limited, responsible for corporate finance in equity capital markets. He has had extensive experience in capital raising and advising wineries and horticulture enterprises. He has been involved with Boundary Bend since 1998 assisting with its formation and development. Craig is a Chartered Accountant and holds a Bachelor of Economics degree from the University of Adelaide. He worked for international Chartered Accounting firms before joining the stockbroking industry.
Special responsibilities	Craig is a member of the Audit and Risk Committee and the Chairman of the Remuneration Committee.
Jonathan West	Age 57
Experience	Professor Jonathan West is founding Director of the Australian Innovation Research Centre. Prior to assuming his current appointment, Professor West spent 18 years at Harvard University, where he was Associate Professor in the Graduate School of Business Administration. Jonathan has served as a consultant to and a board member of major corporations around the world and as an advisor to several governments, particularly in the fields of agribusiness, innovation policy and economic development. His doctoral and masters degrees are from Harvard University, and he holds a Bachelor of Arts majoring in history and philosophy of science from the University of Sydney.
Special responsibilities	Jonathan is a member of the Remuneration Committee.
Timothy Smith	Age 40
Experience	Tim joined the Company early in 2004 to head up the consolidated entity's sales and marketing activities. Tim's qualifications include a Bachelor of Agricultural Economics from the University New England, Armidale. Prior to joining Boundary Bend Limited, Tim was the Food and Beverage Program Business Development Manager at Austrade in New York. Prior to joining Austrade, Tim worked as an export trader and supply management coordinator for Elders Limited, one of Australia's largest agribusiness
Special responsibilities	Tim is the Sales and Marketing Director of Boundary Bend Ltd.

DIRECTORS' REPORT

Matthew Bailey Age 39

Experience: Matthew Bailey was the Founding partner and Managing Director of Junior, an advertising agency located in Brisbane and Sydney. He is also a director of DHD Surfboards, Harajuki Gyoza and Nitrogenie. Matthew's qualifications include a Bachelor of Commerce degree from the University of QLD. Matthew spent 3 years as an Account Director at Lowe Lintas London, an international marketing and communication company and has extensive experience in the FMCG category, working with brands such as Golden Circle, Parmalat and Unilever. At the age of 33 he was voted by leading industry magazine AdNews in their top 40 Australian advertising/marketing people under 40 years of age (Top 40 Under 40).

Meetings of Directors

Directors	Directors' meetings		Audit & risk committee meetings		Remuneration committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McGavin	11	11	-	-	-	-
Paul Riordan	11	11	-	-	-	-
Leandro Ravetti	11	11	-	-	-	-
Tim Jonas	11	11	3	3	2	2
Craig Ball	11	11	3	3	2	2
Jonathan West	11	11	-	-	2	2
Timothy Smith	11	11	-	-	-	-
Matthew Bailey	4	4	-	-	-	-

Options

927,083 options over unissued ordinary shares in the consolidated entity were granted during the financial year ended 30 June 2014 (2013: 1,900,000).

During the year 200,000 options were exercised. Since year end, no options have been exercised, no options have lapsed and no further options have been granted. The consolidated entity has 5,227,083 options on issue as at 30 June 2014.

Remuneration report

This remuneration report, which forms part of the Directors’ report, sets out information about the remuneration of Boundary Bend Limited’s Directors and its senior management for the financial year ended 30 June 2014.

Director and senior management details:

The following persons acted as Executive Directors of the consolidated entity during or since the end of the financial year. The named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr R.D. McGavin (Executive Chairman)
Mr P.C. Riordan (Operations Director)
Mr L.M. Ravetti (Technical Director)
Mr T.F. Smith (Sales and Marketing Director)

In addition the following persons acted as non executive directors of the consolidated entity during the financial year and since the end of the financial year:

Mr T.A. Jonas (Chairman of Audit and Risk Committee and a member of the Remuneration Committee)
Mr C.P. Ball (Member of the Audit and Risk Committee and Chairman of the Remuneration Committee)
Professor J. West (Member of the Remuneration Committee)
Mr M. Bailey

The term ‘senior management’ is used in this remuneration report to refer to the following person. The named person held his current position for the whole of the financial year and since the end of the financial year:

Mr S.J. Beaton (Chief Financial Officer & Company Secretary).

DIRECTORS' REPORT

Remuneration policy

To meet our objectives the consolidated entity must attract, motivate and retain highly skilled directors and executives. To achieve this, the consolidated entity considers the following principles in its remuneration framework:

• Provide competitive rewards to attract high calibre directors and senior managers
• Align executive rewards to shareholder value and provide incentives to key management personnel to remain in the consolidated entity for the longer term.

Remuneration Committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and senior management.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior management on a periodic basis with the overall objective of ensuring the maximum stakeholder benefit from the retention of a high quality Board and executive team.

Executive Directors and Key Management Personnel

The senior executive remuneration policy is intended to be consistent with ‘best practice’ corporate governance guidelines. Broadly, the policy is intended to ensure that total compensation (that is the sum of fixed and variable remuneration) for each executive is fair, reasonable and market competitive.

Generally, senior executives are offered market competitive base salaries (including benefits). Any adjustments are based on promotion or significant role responsibility changes, pay relative to market and relative performance in the role and executives remuneration is, where possible, aligned with the interests of shareholders.

Typically, for each financial year, performance incentive payments include:
• consideration of the consolidated entity's performance
• consideration of specific divisional financial targets and goals
• a discretionary component for each senior executive based on their performance.

In July or August of each year, performance reviews are completed for all employees including executives.

Non-executive Directors

The Constitution of the consolidated entity provides that the non executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the consolidated entity in general meeting, to be divided among the Directors and in default of agreement then in equal shares. Directors are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the consolidated entity and other miscellaneous expenses.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the consolidated entity or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of Directors’ fees.

Key terms of employment contracts

Directors and Senior managers are employed under our standard employee contract and adhere to our standard terms and conditions. There are no Directors or Senior managers with any special terms or conditions.

Remuneration report (Continued)

Relationship between the remuneration policy and consolidated entity performance

The overall level of executive reward takes into account the performance of the consolidated entity over a number of years, with a greater emphasis given to the current year. Meeting strategic objectives are also taken into account.

	30 June 2014 $'000	30 June 2013 $'000	30 June 2012 $'000	30 June 2011 $'000	30 June 2010 $'000
Revenue	99,545	95,531	46,232	46,468	93,327
Net (loss) / profit before tax	(1,785)	68,789	(7,720)	(13,964)	37,449
Net (loss) / profit after tax	491	53,443	(7,720)	(11,989)	38,420
Net Assets	134,394	129,226	75,111	77,403	88,962

	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
Shares on issue (at end of year)	51,708,113	48,884,320	48,839,320	44,766,986	44,226,986
Net assets per Share ($)	2.60	2.64	1.54	1.73	2.01
Fully Franked Dividends	10 cents per share	-	-	-	-

The company is an unlisted public company and has limited share liquidity. As such, it is not meaningful to consider share price or market capitalisation data.

Remuneration of Directors and senior management

	Short-term employee benefits			Post-employment benefits	Share-based Payments	
2014	Salary & fees $	Bonus $	Non-monetary $	Super-annuation $	Options & rights $	Total $
Mr T. A. Jonas	25,000	-	-	-	35,000	60,000
Mr C.P. Ball	25,000	-	-	-	35,000	60,000
Mr J. West	25,000	-	-	-	35,000	60,000
Mr R.D. McGavin	309,935	-	-	17,775	29,973	357,683
Mr P.C. Riordan	122,110	-	-	11,295	-	133,405
Mr L.M. Ravetti	435,695	* 100,000	-	17,775	37,989	591,459
Mr T.F. Smith	260,151	* 35,000	1,817	17,775	15,806	330,549
Mr M. Bailey	10,417	-	-	-	14,062	24,479
Mr S. J. Beaton	291,515	* 55,000	-	17,775	** 78,732	443,022
	1,504,823	**190,000**	**1,817**	**82,395**	**281,562**	**2,060,597**

* Bonus' were paid in recognition of the performance of the consolidated entity for the year ending 30 June 2013.

** On 30 June 2012 the consolidated entity provided a $200,000 loan to Mr S. J. Beaton to fund the exercise of options to purchase 200,000 shares in Boundary Bend Limited. The only recourse for the loan is to the shares held as collateral for the loan. The loan is repaid over five equal annual instalments of $40,000, with the first repayment made on 1 July 2013. Due to the nature of the loan, it is treated as a share based payment under accounting standards, with the expense recognised over the life of the loan. At grant date, the fair value of these shares was $1.30. The shares are released as security for the loan equally over a five year period commencing 1 July 2013.

DIRECTORS' REPORT

Remuneration of Directors and senior management (continued)

	Short-term employee benefits			Post-employment benefits	Share-based Payments	
2013	Salary & fees $	Bonus $	Non-monetary $	Super-annuation $	Options & rights $	Total $
Mr T. A. Jonas	25,000	-	-	-	32,500	57,500
Mr C.P. Ball	25,000	-	-	-	32,500	57,500
Mr J. West	25,000	-	-	-	32,500	57,500
Mr R.D. McGavin	87,156	-	-	7,844	329,973	424,973
Mr P.C. Riordan	152,417	-	-	13,717	-	166,134
Mr L.M. Ravetti	370,165	15,000	10,962	26,121	11,989	434,237
Mr T.F. Smith	203,266	10,000	3,024	20,211	11,733	248,234
Mr S. J. Beaton	244,751	-	733	21,014	130,631	397,129
	1,132,755	**25,000**	**14,719**	**88,907**	**581,826**	**1,843,207**

No Director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Shareholdings of Directors and executives

	Balance at beginning of year No.	Granted as compensation No.	Received upon exercise of options No.	Net other change No.	Balance as end of year No.
2014					
Mr T. A. Jonas	808,204	-	-	(100,000)	708,204
Mr C.P. Ball	405,062	-	-	16,877	421,939
Mr J. West	100,000	-	150,000	100,000	350,000
Mr R.D. McGavin	9,507,396	-	-	-	9,507,396
Mr P.C. Riordan	6,109,118	-	-	(2,000,000)	4,109,118
Mr L.M. Ravetti	624,764	-	-	(370,000)	254,764
Mr T.F. Smith	141,546	-	-	-	141,546
Mr M. Bailey	-	-	-	-	-
Mr S. J. Beaton	210,000	-	-	8,333	218,333
2013					
Mr T. A. Jonas	808,204	-	-	-	808,204
Mr C.P. Ball	405,062	-	-	-	405,062
Mr J. West	100,000	-	-	-	100,000
Mr R.D. McGavin	9,507,396	-	-	-	9,507,396
Mr P.C. Riordan	6,109,118	-	-	-	6,109,118
Mr L.M. Ravetti	624,764	-	-	-	624,764
Mr T.F. Smith	111,546	-	30,000	-	141,546
Mr S. J. Beaton	210,000	-	-	-	210,000

Loans to Directors and executives

Information on loans to Directors and executives are set out in Note 25 and page 20 of this report.

DIRECTORS' REPORT

Remuneration report (Continued)

Employee share option plan

The consolidated entity has an ownership based compensation scheme for employees and officers. Eligibility for the plan and exercise price for options issued under the plan are determined at the discretion of the Board.

Each employee option converts into one ordinary share of Boundary Bend Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the financial year, the consolidated entity granted 927,083 options (2013: 1,750,000) to directors and senior management of the consolidated entity, as part of their remuneration.

200,000 options were exercised in the financial year ended 30 June 2014 (2013: 45,000).

Grant date	Expiry date	Exercise price	Fair value at grant date	Balance at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Exercisable at end of the year
2014									
31-Oct-11*	31-Oct-14	$1.60	$1.50	200,000	-	(50,000)	-	150,000	150,000
15-Feb-12*	15-Feb-17	$1.50	$1.50	150,000	-	-	-	150,000	150,000
30-Jun-12*	30-Jun-15	$1.80	$1.30	100,000	-	-	-	100,000	100,000
30-Jun-12	30-Jun-15	$1.60	$1.30	2,150,000	-	(150,000)	-	2,000,000	1,050,000
01-Nov-12	01-Nov-16	$1.50	$1.30	375,000	-	-	-	375,000	375,000
15-Nov-12	01-Nov-16	$1.55	$1.30	1,250,000	-	-	-	1,250,000	1,250,000
15-Feb-13	01-Nov-16	$1.50	$1.50	125,000	-	-	-	125,000	-
15-Feb-13*	01-Nov-16	$1.50	$1.50	150,000	-	-	-	150,000	150,000
20-Sep-13	30-Jun-15	$1.60	$1.50	-	200,000	-	-	200,000	200,000
10-Dec-13	01-Dec-16	$2.50	$2.40	-	375,000	-	-	375,000	375,000
15-Mar-14	01-Dec-16	$2.50	$2.40	-	52,083	-	-	52,083	52,083
01-May-14**	01-May-20	$2.50	$2.40	-	300,000	-	-	300,000	-
				4,500,000	927,083	(200,000)	-	5,227,083	3,852,083
Weighted average exercise price:				$1.57	$2.31	$1.60	$0.00	$1.70	$1.67
2013									
13-Nov-09	01-Jul-12	$1.30	$1.30	225,000	-	-	(225,000)	-	-
30-Jun-10	01-Jul-13	$1.40	$1.40	45,000	-	(45,000)	-	-	-
31-Oct-11*	31-Oct-14	$1.60	$1.50	200,000		-	-	200,000	200,000
15-Feb-12*	15-Feb-17	$1.50	$1.50	150,000		-	-	150,000	150,000
30-Jun-12*	30-Jun-15	$1.80	$1.30	100,000		-	-	100,000	100,000
30-Jun-12	30-Jun-15	$1.60	$1.30	2,150,000		-	-	2,150,000	1,200,000
01-Nov-12	01-Nov-16	$1.50	$1.30	-	375,000	-	-	375,000	375,000
15-Nov-12	01-Nov-16	$1.55	$1.30	-	1,250,000	-	-	1,250,000	1,250,000
15-Feb-13	01-Nov-16	$1.50	$1.50	-	125,000	-	-	125,000	-
15-Feb-13*	01-Nov-16	$1.50	$1.50	-	150,000	-	-	150,000	150,000
				2,870,000	1,900,000	(45,000)	(225,000)	4,500,000	3,425,000
Weighted average exercise price:				$1.58	$1.53	$1.40	$1.30	$1.57	$1.57

* Issued to consultants for services provided.

** The agreement relating to these options was not formally signed until 1 May 2014. However, the price and terms of the options were agreed between the parties on 29 March 2014.

DIRECTORS' REPORT

Indemnification of officers

During or since the end of the financial year, the consolidated entity has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

Directors and officers liability insurance has been taken out for all Directors. Period of cover is until 30 June 2015.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any auditors of the consolidated entity.

Auditor's independence declaration

A copy of the auditor's declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report on page 24.

Proceedings on behalf of the consolidated entity
No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors.

Director: ______________________________
Robert McGavin

Director: ______________________________
Craig Ball

Dated this 24th day of September 2014

Deloitte.

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The Board of Directors
Boundary Bend Limited
151 Broderick Road
LARA VIC 3212

24 September 2014

Dear Board Members

Boundary Bend Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Boundary Bend Limited.

As lead audit partner for the audit of the financial statements of Boundary Bend Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Revenue			
Sales revenue	3	88,438	60,521
Other revenue	3	2,316	5,195
Net change in fair value of agricultural produce	3	8,791	29,815
		99,545	95,531
Other Income			
Net change in fair value of non-current biological assets	3	-	40,079
Expenses			
Cost of sales	4	(82,551)	(50,422)
Administration expenses		(4,570)	(3,670)
Distribution expenses		(4,399)	(3,121)
Marketing expenses		(5,075)	(2,737)
Occupancy expenses		(823)	(668)
Finance costs	4	(3,665)	(5,041)
Impairment of non-current assets	4	(107)	-
Other expenses		(140)	(1,162)
		(101,330)	(66,821)
Profit/(loss) before income tax		(1,785)	68,789
Income tax benefit/(expense)	5	2,276	(15,346)
Profit/(loss) from continuing operations		491	53,443
Profit/(loss) for the year		**491**	**53,443**
Profit/(loss) is attributable to:			
Owners of Boundary Bend Limited and controlled entities		491	53,443
		491	53,443

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014 $'000	2013 $'000
Profit/(Loss) for the year	491	53,443
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(560)	(91)
Changes in fair value of cash flow hedges	-	60
Other comprehensive loss for the year	(560)	(31)
Total comprehensive income / (loss) for the year	**(69)**	**53,412**
Total comprehensive income / (loss) for the year is attributable to:		
Owners of Boundary Bend Limited and controlled entities	(69)	53,412
	(69)	53,412

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents	6	2,504	379
Trade and other receivables	7	9,707	10,879
Inventory	8	53,608	59,037
Biological assets	11	580	461
Other assets	10	1,319	860
Total current assets		67,718	71,616
Non-current assets			
Trade and other receivables	7	-	52
Biological assets	11	75,066	74,165
Other financial assets	9	220	327
Intangible assets	12	6,472	6,472
Property, plant and equipment	13	83,009	80,193
Total non-current assets		164,767	161,209
Total assets		232,485	232,825
Current liabilities			
Trade and other payables	14	9,861	10,767
Borrowings	15	2,584	66,981
Provisions	16	1,853	1,689
Current tax liabilities	5	385	-
Other financial liabilities	17	218	179
Other liabilities	18	3,944	2,066
Total current liabilities		18,845	81,682
Non-current liabilities			
Borrowings	15	63,143	3,162
Provisions	16	961	1,826
Deferred tax liabilities	5	12,685	15,346
Other liabilities	18	2,457	1,583
Total non-current liabilities		79,246	21,917
Total liabilities		98,091	103,599
Net assets		**134,394**	**129,226**
Equity			
Share capital	19	71,250	61,312
Reserves	20	(60)	293
Retained earnings	21	63,204	67,621
Total equity		**134,394**	**129,226**

BOUNDARY BEND LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Contributed equity $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total Equity $'000
Balance at 1 July 2012	61,237	(795)	551	(60)	14,178	75,111
Profit for the year					53,443	53,443
Other comprehensive income for the year				60		60
Exchange differences arising on translation of foreign operations		(91)				(91)
Total comprehensive income/(loss) for the period	-	(91)	-	60	53,443	53,412
Transactions with owners in their capacity as owners:						
Proceeds from share issue	63					63
Options exercised	12		(12)			-
Share based payments expense			640			640
Total transactions with owners in their capacity as owners	75	-	628	-	-	703
Balance at 30 June 2013	**61,312**	**(886)**	**1,179**	**-**	**67,621**	**129,226**
Profit for the year	-	-	-	-	491	491
Other comprehensive income for the year	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	(560)	-	-	-	(560)
Total comprehensive income/(loss) for the period	**-**	**(560)**	**-**	**-**	**491**	**(69)**
Transactions with owners in their capacity as owners:						
Proceeds from share issue	9,859	-	-	-	-	9,859
Dividends provided for or paid	-	-	-	-	(4,908)	(4,908)
Options exercised	79	-	(79)	-	-	-
Share based payments expense	-	-	286	-	-	286
Total transactions with owners in their capacity as owners	9,938	-	207	-	(4,908)	5,237
Balance at 30 June 2014	**71,250**	**(1,446)**	**1,386**	**-**	**63,204**	**134,394**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		92,615	62,669
Payments to suppliers and employees		(77,866)	(57,611)
Interest received		30	17
Borrowing costs		(4,100)	(5,128)
Net cash provided by / (used in) operating activities	23 (b)	10,679	(53)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		82	626
Payment for business acquisition	35	-	(4,000)
Payments for property, plant and equipment		(3,392)	(1,711)
Payments for biological assets		(901)	(317)
Net cash used in investing activities		(4,211)	(5,402)
Cash flows from financing activities			
Proceeds from share issue		9,859	63
Payment for water lease termination		(1,000)	(1,000)
Payment for oil options		(371)	-
Net proceeds / (repayment) of borrowings		(7,923)	6,474
Dividends paid to shareholders		(4,908)	-
Net cash (used in) / provided by financing activities		(4,343)	5,537
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		379	297
Net increase in cash and cash equivalents		2,125	82
Cash and cash equivalents at the end of the period	23 (a)	2,504	379

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporation Act 2001.

The financial report was authorised for issue by the directors on 24 September 2014.

The financial report is for the entity Boundary Bend Limited and controlled entities as an individual entity. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Boundary Bend Limited and controlled entities is a consolidated entity limited by shares, incorporated and domiciled in Australia.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS).

The consolidated entity has adopted all new and revised Standards and Interpretations that are effective for the reporting period.

(a) Basis of preparation of the financial report

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
• Level 3 inputs are unobservable inputs for the asset or liability.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and all entities which Boundary Bend Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

All inter company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are seperated from the date that control ceases.

When the consolidated entity loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax Consolidation

The parent entity and its subsidiaries have implemented the tax consolidation legislation and have formed a tax consolidated group from 1 July 2005. This means that:
• each entity recognises their own current and deferred tax amounts in respect of the transactions, events and balances of the entity.
• the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

(d) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings and foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

(e) Impairment

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(f) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases

Leases are classified at their inception as either operating leases, finance leases, hire purchase or chattel mortgage based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases/Hire Purchase
Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the consolidated statement of comprehensive income. Leased assets are depreciated on a mixture of straight line and diminishing value basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Chattel Mortgage
Under a Chattel Mortgage, the consolidated entity takes legal ownership of the fixed assets and the financier takes a charge over the equipment. Chattel mortgages are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the Chattel Mortgage and is included in finance costs in the consolidated statement of comprehensive income. The assets are depreciated on a mixture of straight line and diminishing value basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset. Chattel Mortgage payments are allocated between the reduction of the liability and the interest expense for the period.

Operating leases
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(h) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Rent revenue is recognised on a straight line basis over the rental term.

Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attaching to them and that the grants will be received.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Olive oil inventories include agricultural produce that the consolidated entity has harvested from its biological assets. This agricultural produce is measured on initial recognition at fair value less estimated point of sale costs at the point of harvest. This value forms part of the cost of olive oil inventories for measurement at balance date.

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property
Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease for the same asset previously recognised in the profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to profit or loss.

Plant and equipment
Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation
The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of fixed asset	**Depreciation rates**	**Depreciation basis**
Plant & equipment	*4.5% - 22.5 %*	Diminishing value
Leased plant and equipment	*10 - 22.5 %*	Diminishing value
Motor vehicles	*18.75%*	Diminishing value
Office equipment	*10 - 60%*	Diminishing value
Furniture, fixtures & fittings	*4.5% - 22.5%*	Diminishing value

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

(k) Intangibles

Water rights
Water rights are recorded at cost. Water rights have an indefinite life and are not amortised. Water rights are tested annually for impairment.

Distribution rights and Trademarks
Distribution rights and Trademarks are initially recorded at the purchase price and are subsequently carried at cost. Distribution rights and Trademarks have an indefinite life. They are not amortised but are tested annually for impairment. Trademarks are tested for impairment using the assumptions in Note 2(b).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Foreign currency translations and balances

Functional and presentation currency
The functional currency of each of the individual entities comprising the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities is Australian dollars except for Boundary Bend Estate Pty Ltd which has a functional currency of Argentinean Pesos and the US based entities Boundary Bend Olives, Inc; Boundary Bend Assets, Inc; and Boundary Bend, Inc., which have a functional currency of US dollars. These financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation

Transactions and Balances
Transactions in foreign currencies of the consolidated entity are translated into the functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the reporting period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of Boundary Bend Estate Pty Ltd and non-Australian entities are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for each month in the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated directly into equity in the Foreign Currency Translation Reserve.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re statement are recognised as revenues and expenses for the financial year.

The foreign currency hedging risk policy is described under Note 27(a) Financial Risk Management.

(m) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions made by the consolidated entity to an employee superannuation fund are recognised as an expense as they become payable.

Share based payments
Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Share options are priced using the Black Scholes option pricing model. Details regarding the determination of the fair value of equity settled share based transactions are set out in Note 29.

Options that vest on issue are expensed in full on issue date. Options that do not vest on issue are expensed on a straight line basis over the vesting period based on the consolidated entity's estimate of equity instruments that will eventually vest.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(o) Financial instruments

Classification
Management determines the classification of its investments at initial recognition. Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss', 'held to maturity' investments, 'available for sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale financial assets
Listed shares held by the consolidated entity that are traded in an active market are classified as available for sale and are stated at fair value. The consolidated entity also has investments in unlisted shares that are not traded in an active market which are stated at cost. Gains and losses arising from the changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.
Dividends on available for sale equity instruments are recognised in profit or loss when the consolidated entity's right to receive the dividends is established.

Loans and receivables
Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities
Financial liabilities include trade payables, other creditors and loans from third parties including intercompany balances and loans from or other amounts due to director related entities. Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and

Hedge accounting
Certain derivatives are designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction, the consolidated entity documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair value or cash flows of hedged items.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (continued)

(ii) Cash flow hedge
To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable. Changes in the fair value of derivative that are designated and qualify as cash flow hedges are recognised in equity in the cash flow hedging reserve. This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange fluctuations that would have transpired in the absence of the hedge.

(p) Agriculture

The consolidated entity applies Accounting Standard AASB 141 "Agriculture", which requires the measurement of biological assets and agricultural produce at the point of harvest to be valued at fair value less estimated point of sale costs. Where fair value cannot be measured reliably for biological assets, such biological assets are measured at cost.

Biological assets include olive trees owned by the consolidated entity including olive trees in the olive groves and those held in the nurseries. Olive trees in the olive groves are measured at net fair value based on a discounted cash flow valuation. This fair value was derived using the net present value of cash flows expected to be generated by the biological assets discounted at a current market determined rate which reflected the risks associated with cash flow streams. Olive trees in the nursery are initially measured at cost until the tree has reached maturity and there is a market in which to sell the trees, which is historically at 18 months from date of propagation. Where no active market exists for the sale of the Olive trees they are recognised at cost.

The olive fruit produced at the point of harvest is valued at fair value less costs to sell forming part of the measurement of inventory cost.

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Rounding of amounts

The consolidated entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment other assets

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist. A five year cash flow as described above in part (a) was used to assess the recoverable values of the investments.

An impairment loss of $0.1 million (2013: $nil) has been recognised in the consolidated entity in relation to investments. This impairment loss has been recognised in profit or loss disclosed as ‘Impairment of non current assets’.

(b) Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(c) Biological Assets

Biological assets relate to the olive trees.

The fair value of the non-current biological assets is determined using a discounted cashflow methodology over ten years. The following key assumptions were applied:
- a pre-tax discount rate of 20% to take into account the uncertainty associated with the oil yield, price received for oil as well as fluctuations in input costs including exposure to climatic risk;
- the expected oil yield from crushed olives increases up to the expected yield from a fully mature olive tree;
- the current farm gate price, increasing in line with expected inflation;
- the current water costs, increasing up to the expected long term water costs;
- the other costs associated with maintaining the groves and processing the oil are based on expected costs, increasing in line with expected inflation;
- a terminal value is applied at the end of the ten year period.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
NOTE 3: REVENUE			
Sale of goods		88,438	60,521
Management/service fees		444	405
Rental income		462	464
Interest income		30	17
Insurance proceeds from hail storm		-	4,000
Other income		590	269
Profit on sale of property plant and equipment		8	2
Subsidies and grants		782	38
		2,316	5,195
Fair value adjustments:			
Net increase in fair value of agricultural produce		8,791	29,815
Net increase in fair value of non-current biological assets	11	-	40,079
		99,545	135,610

NOTE 4: OPERATING PROFIT / (LOSS)

	Note	2014 $'000	2013 $'000
Profit / (loss) before income tax has been determined after:			
Cost of sales		82,551	50,422
Finance costs:			
Interest expense		2,880	3,338
Borrowing costs		695	1,585
Hire purchase charges		51	69
Finance lease charges		39	49
		3,665	5,041
Depreciation:			
Plant and equipment		3,090	3,169
Motor vehicles		108	45
Office furniture and equipment		29	45
Furniture and fittings		14	16
		3,241	3,275
Bad debts - trade debtors		(7)	8
Investments - other corporations	9	(107)	-
Employee benefits:			
Share based payments		286	640
Defined contribution superannuation expense		668	636
Other employee benefits		8,860	8,402
		9,814	9,678

	2014 $	2013 $
NOTE 4: OPERATING PROFIT/(LOSSES) (CONTINUED)		
Remuneration of auditors for:		
Auditor's remuneration - audit fees	66,564	65,100
The auditor of Boundary Bend Limited is Deloitte Touche Tohmatsu.		
The auditor did not receive any other benefits		

	2014 $'000	2013 $'000
NOTE 5: INCOME TAX		
(a) Components of tax expense		
Current tax	(385)	-
Deferred tax	2,661	15,346
	2,276	15,346
(**b) Prima facie tax payable**		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax expense / (benefit) before income tax at 30% (2012: 30%)	(536)	20,637
Add tax effect of:		
- Finance leases	(54)	99
- Other non-allowable items	-	10
- Tax losses previously not brought to account	(1,128)	(4,948)
- Share based payments	86	192
	(1,096)	(4,647)
Less tax effect of:		
- Depreciation entitlement attached to fixed assets	(339)	(339)
- Research and development deductions	(305)	(305)
	(644)	(644)
Income tax expense attributable to profit	(2,276)	15,346
(c) Current tax		
Current tax liabilities / (assets)		
Opening balance	-	-
Under / (over) provision of prior year liability	385	-
Current tax liabilities / (assets)	385	-

NOTE 5: INCOME TAX (CONTINUED)

(d) Deferred tax balances

	Opening balance $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Closing balance $'000
2013				
Deferred tax asset				
Employee benefits	189	27	-	216
Impairment of investments	239	(16)	-	223
Impairment of goodwill	1,083	-	-	1,083
Future tax depreciation entitlement on plant & equipment	2,194	(151)	-	2,043
Future tax depreciation entitlement on biological assets	2,001	(266)	-	1,735
Capital raising costs	139	(40)	-	99
Doubtful debts	25	2	-	27
Other	687	501	-	1,188
Tax losses brought to account	7,120	(3,224)	-	3,896
	13,677	(3,167)	-	10,510
Deferred tax liability				
The balance comprises:				
Finance leases	72	125	-	197
Fair value adjustment to property, plant & equipment	8,155	-	-	8,155
Prepayments	14	31	-	45
Fair value adjustment to biological assets	5,436	12,023	-	17,459
	13,677	12,179	-	25,856
Net deferred tax assets / (liabilities)	-	(15,346)	-	(15,346)
2014				
Deferred tax asset				
Employee benefits	216	47	-	263
Impairment of investments	223	32	-	255
Impairment of goodwill	1,083	1,421	-	2,504
Future tax depreciation entitlement on plant & equipment	2,043	(152)	-	1,891
Future tax depreciation entitlement on biological assets	1,735	(267)	-	1,468
Capital raising costs	99	(39)	-	60
Doubtful debts	27	(2)	-	25
Other	1,188	(323)	-	865
Tax losses brought to account	3,896	1,944	-	5,840
	10,510	2,661	-	13,171
Deferred tax liability				
The balance comprises:				
Finance leases	197	(108)	-	89
Fair value adjustment to property, plant & equipment	8,155	-	-	8,155
Prepayments	45	(43)	-	2
Fair value adjustment to biological assets	17,459	151	-	17,610
	25,856	-	-	25,856
Net deferred tax assets / (liabilities)	(15,346)	2,661	-	(12,685)

NOTE 5: INCOME TAX (CONTINUED)

(e) Deferred tax revenue included in income tax expense

	2014 $'000	2013 $'000
Decrease / (increase) in deferred tax assets	(2,661)	3,167
(Decrease) / Increase in deferred tax liabilities	-	12,179
	(2,661)	15,346

(f) Deferred tax assets not brought to account

Deferred tax asset not brought to account relating to:

	2014 $'000	2013 $'000
Unclaimed building allowance deductions	281	620
Tax losses	-	-

The benefits of the deferred tax assets not brought to account will only be realised if the conditions for deductibility set out in the accounting policies note occur.

As a result of a retrospective change in tax legislation, at 31 December 2013 the consolidated entity reported that there existed a contingent liability of $2,007,774 for amounts previously claimed as tax deductions in relation to payments for contracted income. The Australian Tax Office (ATO) has finalised its review of the matter, and as a result the consolidated entity has paid $397,469 to the ATO. However, as a result of this payment, and the finalisation of the review, the $397,469, together with $1,005,893 relating to the value of unrecognised tax losses, can now be recognised as a tax asset relating to the associated write-off of goodwill assets.

	Note	2014 $'000	2013 $'000
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank		2,504	379

NOTE 7: RECEIVABLES

	Note	2014 $'000	2013 $'000
CURRENT			
Trade debtors		9,162	8,163
Provision for doubtful debts		(84)	(91)
		9,078	8,072
Other receivables		577	2,759
Loan to key management personnel	25	52	48
		9,707	10,879
NON CURRENT			
Loan to key management personnel	25	-	52

The standard credit period on sales of goods and rendering of services is 30-60 days. No interest is charged on the trade receivables for the first 30-60 days from when the receivable was incurred. Thereafter, the consolidated entity has the right to charge interest at a commercial rate on a case by case basis depending on management's discretion and whether the receivable is past due. A provision has been made for estimated irrecoverable trade receivable amounts arising from the sale of goods and rendering services.

New and existing customers are subject to defined credit limits, which are reviewed on a regular basis. The consolidated entity operates credit insurance where appropriate for customers to minimise the risk associated with default.

Included in the consolidated entity's trade receivable balance are debtors with a carrying amount of $0.7 million (2013: $0.6 million) which are past due at the reporting date. There has not been a significant change in credit quality and the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances.

Reconciliation of provision for doubtful debts	2014 $'000	2013 $'000
Opening balance at 1 July	(91)	(86)
Doubtful debts recognised on receivables	-	(6)
Amounts recovered during the year	7	1
Amounts written off against the provision during the year	-	-
Closing balance at 30 June	(84)	(91)

NOTE 8: INVENTORY

	Note	2014 $'000	2013 $'000
CURRENT			
Raw materials at cost		1,781	1,211
Olive oil	1(i)	51,827	57,826
		53,608	59,037

	Note	2014 $'000	2013 $'000
NOTE 9: OTHER FINANCIAL ASSETS			
NON CURRENT			
Other financial assets			
Shares in other corporations		1,125	1,125
Provision for impairment loss		(905)	(798)
Total other financial assets		220	327
NOTE 10: OTHER ASSETS			
CURRENT			
Prepayments		616	567
Other current assets		703	293
		1,319	860
NOTE 11: BIOLOGICAL ASSETS			
CURRENT			
At fair value			
Biological assets for sale - nursery trees	1(p)	580	461
NON CURRENT			
At fair value			
Olive Groves	1(p)	75,066	74,165
Reconciliation			
Opening balance		74,165	33,768
Net increase in fair value	3	-	40,079
Net increase due to development		901	318
		75,066	74,165
NOTE 12: INTANGIBLE ASSETS			
Goodwill at cost		6,896	6,896
Less accumulated impairment loss		(6,896)	(6,896)
		-	-
Water rights at cost		120	120
Trademarks at cost		6,352	6,352
Total intangible assets		6,472	6,472

	Note	2014 $'000	2013 $'000

NOTE 12: INTANGIBLE ASSETS (continued)

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	Note	2014 $'000	2013 $'000
Water rights			
Opening balance		120	120
Closing balance		120	120
Trademarks			
Opening balance		6,352	2,447
Additions through business combinations	35	-	3,905
Closing balance		6,352	6,352

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

Land & buildings

	2014 $'000	2013 $'000
Land & buildings at fair value	60,070	58,494

Plant & equipment

	2014 $'000	2013 $'000
Plant & equipment at cost	35,687	31,527
Less accumulated depreciation	(13,335)	(10,319)
	22,352	21,208
Motor vehicles at cost	644	410
Less accumulated depreciation	(283)	(175)
	361	235
Office equipment at cost	724	722
Less accumulated depreciation	(544)	(516)
	180	206
Furniture, fixtures & fittings at cost	110	100
Less accumulated depreciation	(64)	(50)
	46	50
Total plant and equipment	22,939	21,699
Total property, plant and equipment	83,009	80,193

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment:

	2014 $'000	2013 $'000
Land & buildings		
Opening carrying amount	58,494	58,581
Additions	2,125	40
Net foreign currency movements	(549)	(127)
Closing carrying amount	60,070	58,494
Plant & equipment		
Opening carrying amount	21,208	20,686
Additions	4,335	3,694
Disposals	(101)	(3)
Depreciation expense	(3,090)	(3,169)
Closing carrying amount	22,352	21,208
Motor vehicles		
Opening carrying amount	235	124
Additions	234	156
Depreciation expense	(108)	(45)
Closing carrying amount	361	235
Office equipment		
Opening carrying amount	206	209
Additions	3	42
Depreciation expense	(29)	(45)
Closing carrying amount	180	206
Furniture, fixtures & fittings		
Opening carrying amount	50	66
Additions	10	-
Depreciation expense	(14)	(16)
Closing carrying amount	46	50
Total property, plant and equipment		
Carrying amount at 1 July	80,193	79,666
Additions	6,707	3,932
Disposals	(101)	(3)
Depreciation expense	(3,241)	(3,275)
Net foreign currency movements	(549)	(127)
Carrying amount at 30 June	83,009	80,193

	Note	2014 $'000	2013 $'000

NOTE 14: PAYABLES

	Note	2014 $'000	2013 $'000
CURRENT			
Unsecured liabilities			
Trade creditors		6,374	5,799
Other creditors and accruals		3,487	4,968
		9,861	10,767

NOTE 15: BORROWINGS

	Note	2014 $'000	2013 $'000
CURRENT			
Secured Liabilities			
Bank loans	(a)	-	64,480
Finance lease liability	22(a)	1,058	670
Hire purchase/chattel martgage liability	22(b)	1,526	1,831
		2,584	66,981
NON CURRENT			
Secured liabilities			
Bank loans	(a)	57,980	-
Finance lease liability	22(a)	1,187	1,561
Hire purchase/chattel martgage liability	22(b)	3,976	1,601
		63,143	3,162
Total Borrowings		65,727	70,143

(a) Terms and conditions and assets pledging as security relating to the above financial instruments

The bank loans are secured by a general security interest over the assets and undertakings of Boundary Bend Limited and its subsidiaries. The bank also has mortgages over the real properties owned by the consolidated entity. All subsidiaries guarantee the bank loans.

NOTE 16: PROVISIONS

	Note	2014 $'000	2013 $'000
CURRENT			
Dividends payable		8	-
Employee benefits	(a)	845	689
Provision for onerous contract (water lease termination)		1,000	1,000
		1,853	1,689
NON CURRENT			
Employee benefits	(a)	31	30
Provision for onerous contract (water lease termination)		930	1,796
		961	1,826
(a) Aggregate employee benefits liability		876	719

NOTE 17: OTHER FINANCIAL LIABILITIES

		2014 $'000	2013 $'000
CURRENT			
Hedging instruments			
Foreign currency forward contract		218	179
		218	179

NOTE 18: OTHER LIABILITIES

		2014 $'000	2013 $'000
CURRENT			
Deferred income		936	687
Other current liabilities		3,008	1,379
		3,944	2,066
NON-CURRENT			
Other non-current liabilities		2,457	1,583

NOTE 19: SHARE CAPITAL

		2014 $'000	2013 $'000
Issued and paid‑up capital			
51,708,113 (2013: 48,884,320) ordinary shares	(a)	71,250	61,312

	2014		2013	
	Shares '000	$'000	Shares '000	$'000
(a) Ordinary shares				
Consolidated				
Opening balance	48,884	61,312	48,839	61,237
Shares issued:				
12 June 2013	-	-	45	75
4 September 2013	150	267	-	-
23 January 2014	50	80	-	-
17 February 2014	308	739	-	-
30 May 2014	1,316	5,000	-	-
12 June 2014	1,000	3,800	-	-
30 June 2014	-	52	-	-
	2,824	9,938	45	75
Shares bought back:				
At reporting date	51,708	71,250	48,884	61,312

(b) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on the winding up of the parent entity in the number proportionate to the number of shares held.
At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value.

(c) Share options granted under the Employees and Officers Share Option plan

At 30 June 2014, directors, senior employees and consultants held options over 5,227,083 ordinary shares of the consolidated entity. At 30 June 2013, directors and senior employees held options over 4,500,000 ordinary shares of the consolidated entity.

Share options granted under the Employees and Officers Share Option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in Note 29.

NOTE 20: RESERVES

	Note	2014 $'000	2013 $'000
Foreign currency translation reserve	20(a)	(1,446)	(886)
Share based payments reserve	20(b)	1,386	1,179
Cash flow hedge reserve	20(c)	-	-
		(60)	293

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

	2014 $'000	2013 $'000
Movements in reserve		
Opening balance	(886)	(795)
Exchange difference arising on translation of foreign operations	(560)	(91)
Closing balance	(1,446)	(886)

(b) Share based payments reserve

The share based payments reserve relates to share options granted to employees, officers and consultants under the Employee and Officers Share Option plan. Further information about share based payments to employees and officers is set out in Note 29.

	2014 $'000	2013 $'000
Movements in reserve		
Opening balance	1,179	551
Options exercised, transferred to share capital	(79)	(12)
Share based payments	286	640
Closing balance	1,386	1,179

(c) Cash flow hedge reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges.

	2014 $'000	2013 $'000
Movements in reserve		
Opening balance	-	(60)
Gain / (loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
- Interest rate swap	-	60
Closing balance	-	-

NOTE 21: RETAINED EARNINGS

	2014 $'000	2013 $'000
Retained earnings at beginning of year	67,621	14,178
Net profit/(loss)	491	53,443
Dividends provided for or paid	(4,908)	-
	63,204	67,621

NOTE 22: CAPITAL AND LEASING COMMITMENTS

	Note	2014 $'000	2013 $'000
(a) Finance leasing commitments			
Payable			
- not later than one year		1,194	1,239
- later than one year and not later than five years		1,268	2,795
Minimum lease payments		2,462	4,034
Less future finance charges		(217)	(1,803)
Total finance lease liability		2,245	2,231
Represented by:			
Current liability	15	1,058	670
Non-current liability	15	1,187	1,561
		2,245	2,231
(b) Hire purchase and Chattel mortgage commitments			
Payable			
- not later than one year		1,816	2,030
- later than one year and not later than five years		4,308	1,781
Minimum hire purchase payments		6,124	3,811
Less future finance charges		(622)	(379)
Total hire purchase liability		5,502	3,432
Represented by:			
Current liability	15	1,526	1,831
Non-current liability	15	3,976	1,601
		5,502	3,432
(c) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		39	548
- later than one year and not later than five years		18	52
		57	600

General description of operating leasing arrangements:

Operating leases relate to farm equipment and motor vehicles with lease terms of between 3 to 5 years and warehouse equipment and office space with lease terms of between 3 to 6 years . All operating lease contracts contain market review clauses in the event that the Boundary Bend Group exercises any option to renew. The Boundary Bend Group does not have a right to purchase the leased asset at the expiry of the lease period. Each lease consists of an initial fixed term, plus multiple options to extend beyond the initial term (at the option of the consolidated entity). Therefore, only the first term of each lease is included in the above commitments.

NOTE 23: CASH FLOW INFORMATION

	Note	2014 $'000	2013 $'000
(a) Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:			
Cash at bank	6	2,504	379
(b) Reconciliation of cash flow from operations with profit / (loss) after income tax			
Profit / (loss) from ordinary activities after income tax		491	53,443
Adjustments for non-cash items			
Depreciation & amortisation		3,241	3,275
Bad debt expense		(7)	-
Stock obsolescence		16	-
Profit / (loss) on sale of assets		18	(2)
Net increase in fair value of non-current biological assets		-	(40,079)
Net increase in fair value of olive oil options		(50)	-
Share based payment expense		286	640
Unrealised exchange losses on forward contract		39	204
Unrealised foreign currency losses		149	343
		3,692	(35,619)
Changes in assets and liabilities			
(Increase) / decrease in receivables		1,332	(3,132)
Decrease in prepayments and other assets		45	47
(Increase) / decrease in inventories		5,116	(34,065)
Increase in payables		2,834	810
Increase in income tax payable		385	-
Increase / (decrease) in deferred taxes		(2,661)	15,346
Increase in provisions		603	283
Increase / (decrease) in accrued expenses & other liabilities		(1,158)	2,834
		6,496	(17,877)
Cash flows used in operating activities		10,679	(53)

(c) The major facilities of the consolidated entity are summarised as follows:

(i) Core debt facility of $45,000,000 (2013: $45,000,000) which is available to 27 August 2016. The interest cost under the facility is referenced to the bank bill swap bid rate (BBSY). A margin is also paid in addition to this reference rate. At 30 June 2014 this facility was fully drawn.

(ii) Working capital facilities of $17,000,000 (2013: $17,000,000) of which $4,000,000 is available to October 2014, and $13,000,000 is available to 27 August 2015. The interest costs under the facility are referenced to the bank bill swap bid rate (BBSY). A margin is also paid in addition to this reference rate. At 30 June 2014 these facilities were drawn to $13,000,000

NOTE 23: CASH FLOW INFORMATION (CONTINUED)

All of the facilities are secured by a general security interest over the assets and undertakings of Boundary Bend Limited and its subsidiaries. The bank also holds mortgages over the real properties owned by the consolidated entity. All subsidiaries guarantee the above bank loans.

Finance will continue to be provided under the above facilities provided the consolidated entity has not breached any borrowing requirements and the consolidated financial entity meets the required financial ratios. The consolidated entity confirms that it has complied with all borrowing requirements and met the required financial ratios during the year.

NOTE 24: CONTROLLED ENTITIES

	Country of incorporation	Ownership 2014 %	2013 %
Parent Entity:			
Boundary Bend Limited	Australia		
Subsidiaries of Boundary Bend Limited:			
Boundary Bend Estate Management Pty Ltd	Australia	100	100
Boundary Bend Estate (Processors) Pty Ltd	Australia	100	100
Boundary Bend Estate Pty Ltd	Australia	100	100
Boundary Bend Olives Pty Ltd	Australia	100	100
Karee Pty Ltd	Australia	100	100
Boundary Bend Marketing Pty Ltd	Australia	100	100
Olive Management Pty Ltd	Australia	100	100
Cobram Estate Pty Ltd	Australia	100	100
Maqtec Australia Pty Ltd	Australia	100	100
Boundary Bend Assets Pty Ltd	Australia	100	100
Boundary Bend Estate (No. One) Pty Ltd	Australia	100	100
Boundary Bend Estate (No. Two) Pty Ltd	Australia	100	100
Boundary Bend Estate (No. Three) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. One) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. Two) Pty Ltd	Australia	100	100
Boundary Bend Nominees (No. Three) Pty Ltd	Australia	100	100
Boundary Bend Olives, Inc.	USA	100	-
Boundary Bend Assets, Inc.	USA	100	-
Boundary Bend, Inc.	USA	100	-

NOTE 25: RELATED PARTY TRANSACTIONS

(a) Trading transactions

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sales of goods/services		Purchase of goods/services	
	2014	2013	2014	2013
	$	$	$	$
P & F Riordan Family Trust	-	-	23,371	44,399
P & F Riordan Pty Ltd	3,339	2,971	21,122	4,550
United Retail Group Pty Ltd	-	939	97,060	51,520
Riordan Group Pty Ltd	-	-	14,098	7,346
RD & KA McGavin Pty Ltd	-	596	20,625	12,375
McGavin Investments Pty Ltd	-	-	72,540	27,500
Poligolet Holdings Pty Ltd	12,826	11,451	-	-
Right Brain Capital Pty Ltd	-	-	2,083	-
Jubilee Park Vineyards Pty Ltd	26,905	36,696	-	-
	43,070	52,653	250,899	147,690

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	2014	2013	2014	2013
	$	$	$	$
P & F Riordan Family Trust	-	-	-	-
P & F Riordan Pty Ltd	216	486	-	-
United Retail Group Pty Ltd	-	-	40,086	31,958
Riordan Group Pty Ltd	-	-	7,154	7,346
RD & KA McGavin Pty Ltd	-	-	-	-
McGavin Investments Pty Ltd	-	-	22,638	-
Poligolet Holdings Pty Ltd	2,431	742	-	-
Right Brain Capital Pty Ltd	-	-	-	-
Jubilee Park Vineyards Pty Ltd	850	1,150	-	-
	3,497	2,378	69,878	39,304

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Sale of goods and services were made at the consolidated entity's usual list prices. Purchases were made at market price.

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Loans to key management personnel

The following loan balance is in respect of loans made to key management personnel of the consolidated group or to their related entities.

	Balance at beginning $	Interest charged $	Balance at end $	Highest in period $
2014				
Leandro Ravetti*	100,286	6,218	51,651	100,286
2013				
Leandro Ravetti*	145,542	10,261	100,286	145,542

*This loan provided by the group attracts interest in accordance with the Australian Taxation Office benchmark interest rate of 6.20% (2013: 7.05%).

(c) Transactions with key management personnel compensation

(i) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 34 to the financial statements.

(ii) Key management personnel equity holdings

Fully paid ordinary shares of Boundary Bend Limited:

	Balance at beginning of year No.	Granted as compensation No.	Received upon exercise of options No.	Net other change No.	Balance at end of year No.
2014					
Mr T. A. Jonas	808,204	-	-	(100,000)	708,204
Mr C.P. Ball	405,062	-	-	16,877	421,939
Mr J. West	100,000	-	150,000	100,000	350,000
Mr R.D. McGavin	9,507,396	-	-	-	9,507,396
Mr P.C. Riordan	6,109,118	-	-	(2,000,000)	4,109,118
Mr L.M. Ravetti	624,764	-	-	(370,000)	254,764
Mr T.F. Smith	141,546	-	-	-	141,546
Mr M. Bailey	-	-	-	-	-
Mr S. J. Beaton	210,000	-	-	8,333	218,333
2013					
Mr T. A. Jonas	808,204	-	-	-	808,204
Mr C.P. Ball	405,062	-	-	-	405,062
Mr J. West	100,000	-	-	-	100,000
Mr R.D. McGavin	9,507,396	-	-	-	9,507,396
Mr P.C. Riordan	6,109,118	-	-	-	6,109,118
Mr L.M. Ravetti	624,764	-	-	-	624,764
Mr T.F. Smith	111,546	-	30,000	-	141,546
Mr S. J. Beaton	210,000	-	-	-	210,000

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

Share options of Boundary Bend Limited:

	Balance at beginning of year No.	Granted as compen-sation No.	Exercised No.	Lapsed No.	Balance at end of year No.
2014					
Mr T. A. Jonas	275,000	125,000	-	-	400,000
Mr C.P. Ball	275,000	125,000	-	-	400,000
Mr J. West	275,000	125,000	(150,000)	-	250,000
Mr R.D. McGavin	2,500,000	-	-	-	2,500,000
Mr P.C. Riordan	-	-	-	-	-
Mr L.M. Ravetti	200,000	200,000	-	-	400,000
Mr T.F. Smith	175,000	-	-	-	175,000
Mr M. Bailey	-	52,083	-	-	52,083
Mr S. J. Beaton	200,000	-	-	-	200,000
2013					
Mr T. A. Jonas	225,000	125,000	-	(75,000)	275,000
Mr C.P. Ball	300,000	125,000	-	(150,000)	275,000
Mr J. West	150,000	125,000	-	-	275,000
Mr R.D. McGavin	1,250,000	1,250,000	-	-	2,500,000
Mr P.C. Riordan	-	-	-	-	-
Mr L.M. Ravetti	200,000	-	-	-	200,000
Mr T.F. Smith	80,000	125,000	(30,000)	-	175,000
Mr S. J. Beaton	200,000	-	-	-	200,000

All share options issued to key management personnel are made in accordance with the provision of the employee share option plan.

During the financial year 150,000 options (2013: 30,000) were exercised by key management personnel.

Further details of the employee share option plan and of share options issued during the 2014 and 2013 financial year are contained in Note 29 to the financial statements.

NOTE 26: FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy
Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data

Year ended 30 June 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$'000**	**$'000**	**$'000**	**$'000**
Non-financial assets				
Land and building at fair value	-	11,325	48,745	60,070
Biological assets - olive groves	-	-	75,066	75,066
Total non-financial assets	-	11,325	123,811	135,136
Financial liabilities				
Hedging instruments	-	218	-	218
Total financial liabilities	-	218	-	218

Year ended 30 June 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$'000**	**$'000**	**$'000**	**$'000**
Non-financial assets				
Land and building at fair value	-	11,325	47,169	58,494
Biological assets - olive groves	-	-	74,165	74,165
Total non-financial assets	-	11,325	121,334	132,659
Financial liabilities				
Hedging instruments	-	179	-	179
Total financial liabilities	-	179	-	179

(b) Transfers between level 1 and level 2
There were no transfers between level 1 and level 2 of the fair value hierarchy during the year.

NOTE 26: FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Valuation techniques and inputs used in level 2 fair value measurements

	Fair value $'000	Valuation technique	Description of valuation technique and inputs used
Land & Buildings	11,325	Market approach	The consolidated entity's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, plus any subsequent capital improvements. The fair value measurements of the consolidated entity's land & buildings as at 31 December 2011 were performed by M3 Property, independent valuers. The valuation was performed using a capitalisation of net income and direct market comparison approach. Based on current market conditions the directors consider that the basis of the independent valuation is appropriate for 30 June 2014.
Foreign currency forward contract	218	Income approach	The fair value of the foreign currency forward contract is calculated using the present value of estimated future cash flows based on observable forward exchange rates and yield curve data.
Interest rate swap	-	Income approach	The fair value of interest rate swaps is calculated using the present value of the estimated future cash flows based on observable interest rate yield curves.

(d) Reconciliation of recurring level 2 fair value movements

	2014 $'000	2013 $'000
Land and building at fair value		
Opening balance	11,325	11,289
Purchases	-	36
Closing balance	11,325	11,325
Hedging instruments		
Opening balance	179	(60)
Total gains and losses recognised in profit or loss	39	179
Total gains and losses recognised in other comprehensive income	-	60
Closing balance	218	179

NOTE 26: FAIR VALUE MEASUREMENTS (CONTINUED)

(e) Valuation techniques and significant unobservable inputs used in level 3 fair value measurements

	Fair value $'000	Valuation technique	Description of valuation technique and inputs used
Land & Buildings	48,745	Market approach	The consolidated entity's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, plus any subsequent capital improvements. The fair value measurements of the consolidated entity's land & buildings as at 31 December 2011 were performed by M3 Property, independent valuers.
Bialogical assets - Olive Groves	75,066	Income approach	The fair value of the biological assets determined using a discounted cashflow methodology over ten years. The following key assumptions were applied: - a pre-tax discount rate of 20% to take into account the uncertainty associated with the oil yield, price received for oil as well as fluctuations in input costs including exposure to climatic risk; - the expected oil yield from crushed olives increases up to the expected yield from a fully mature olive tree; - the current farm gate price, increasing in line with expected inflation; - the current water costs, increasing up to the expected long term water costs; - the other costs associated with maintaining the groves and processing the oil are based on expected costs, increasing in line with expected inflation; - a terminal value is applied at the end of the ten year period.

(f) Reconciliation of recurring level 3 fair value movements

	2014 $'000	2013 $'000
Land and building at fair value		
Opening balance	47,169	47,291
Purchases	2,125	5
Net foreign currency movements	(549)	(127)
Closing balance	48,745	47,169
Biological assets - olive groves		
Opening balance	74,165	33,768
Purchases	722	318
Transfers from Nursery Trees	179	-
Total gains and losses recognised in profit or loss	-	40,079
Closing balance	75,066	74,165

NOTE 27: FINANCIAL RISK MANAGEMENT

Capital risk management

The consolidated entity manages its capital to ensure that entities in the consolidated entity will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 19, 20 and 21 respectively.

Operating cash flows are used to maintain and expand the consolidated entity's net asset position, as well as to make the normal outflows of tax, dividend and interest obligations. The consolidated entity's policy is to borrow centrally, using a variety of borrowing facilities, to meet anticipated funding requirements.

Gearing Ratio

The Board of Directors regularly review the capital structure of the business, based on information provided from monthly management reporting. The consolidated entity has a benchmark gearing ratio calculated as the ratio of total external debt to tangible assets. As at year end, the consolidated entity was below the said benchmark.

	2014 $'000	2013 $'000
Total External Debt	65,727	70,143
Less: Cash and Cash Equivalents	(2,504)	(379)
Net External Debt	63,223	69,764
Total Assets	232,485	232,825
Less: Intangible Assets	(6,472)	(6,472)
Tangible Assets	226,014	226,354
Gearing Ratio	27.97%	30.82%

The consolidated entity monitors and manages the financial risks relating to the operations of the consolidated entity throughout the year at meetings of the Board of Directors and key management personnel.

An annual risk review involving all areas of the business is conducted with a report and recommendations presented to the board at the conclusion of the review. The consolidated entity has to date identified the following financial risks:
(a) Foreign currency risk
(b) Interest rate risk
(c) Credit risk
(d) Liquidity risk
(e) Fair values

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposing the consolidated entity to the risk of exchange rate fluctuations. The consolidated entity's policy is to deal in stable currencies which are actively traded in local and world markets to reduce the risk of strongly adverse movements in exchange rates.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Currency risk

It is the policy of the consolidated entity to continually monitor its currency risk, which may include entering into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates to reduce this risk. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

At reporting date the carrying amount in AUD of the consolidated entities monetary assets denominated in foreign currencies were as follows:

	Assets		Liabilities	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
European Euros	-	-	2,725	2,429
US dollars	50	145	245	30

On 7 March 2012, the consolidated entity entered into a foreign exchange contract to sell 2,000,000 EUR and purchase AUD on 27 February 2015 at an exchange rate of 0.7322 AUD/EUR. The deal can be closed out at any time prior to 27 February 2015 at the net fair value. As at 30 June 2014, the contract has a net fair value of $217,738 loss (2013: $179,175 loss) (Refer Note 17).

Sensitivity

The consolidated entity is mainly exposed to European Euros (EUR), US dollars (USD) and Argentinean pesos (ARS). Contracts for sale of olive oil to the international market are generally denominated in EUR. Some contracts for the sale of olive oil are also entered into in USD when selling to the US market and markets around the world where the local currency is not considered appropriate for the transaction. The exposure to ARS is as a result of the consolidated entity's investment in land suitable for the establishment of an olive grove in Argentina. A subsidiary of the consolidated entity, Boundary Bend Estate Pty Ltd, that owns this land, has been determined to have a functional currency of ARS at balance date. The US based entities (Boundary Bend Olives, Inc; Boundary Bend Assets, Inc. and Boundary Bend, Inc.) have a functional currency of USD. Exposure to all other foreign currencies is incidental to the trading of the consolidated entity and the effect of movements in the exchange rates with these foreign currencies is considered immaterial.

The table set out below shows the impact that a 10% increase or decrease in the Australian dollar against the relevant foreign currency would have on the financial statements at reporting date. A positive number indicates an increase in profit or other equity where the Australian dollar strengthens against the foreign currency. A weakening of the Australian dollar against the respective foreign currencies would result in an equal and opposite impact on the financial statements. The stipulated movement for the sensitivity analysis of 10% has been chosen as it represents what may occur in any financial year.

	2014 $'000	2013 $'000
+ / - 10% United States dollars		
Impact on profit after tax	20	12
Impact on equity	-	-
+ / - 10% Argentinean pesos		
Impact on profit after tax	-	-
Impact on equity	72	116
+ / - 10% European Euros		
Impact on profit after tax	277	243
Impact on equity	-	-

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

The consolidated entity is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, because the consolidated entity borrows funds at both fixed and floating interest rates.

The consolidated entity manages its interest costs using a mix of fixed and floating rate debt. The consolidated entity has fixed a certain amount of debt with the remaining balance financed via a variable interest rate.

The consolidated entity's exposures to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

Sensitivity

The following sensitivity analysis has been determined based on the consolidated entity's exposure to long term debt obligations. Changes in interest rates would also have an effect on the interest received by the consolidated entity, however, this effect is considered immaterial for the purpose of the sensitivity analysis.

The analysis has been conducted based on a 100 basis point change (1.00%), either up or down, in the prevailing interest rate at the end of the financial year applied to outstanding debt obligations at reporting date. A 100 basis point sensitivity has been used for the analysis as this is deemed a reflective basis point variance given recent market conditions.

Taking into consideration the variable interest rate instruments at reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the consolidated entity's net profit would decrease/increase:

	2014	2013
+ / - 1% interest rate	$'000	$'000
Impact on profit before tax	530	595

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparts to the contract to meet their obligations. The credit risk exposure of forward exchange contracts is the net fair value of these contracts.

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements. The Consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay. The tables below include the weighted average effective interest rate.

Year ended 30 June 2014	**Weighted average effective interest rate**	**< 6 months**	**6-12 months**	**1-5 years**	**Total**
	%	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:					
Non interest bearing assets	0.00	9,655	-	-	9,655
Variable interest rate instruments					
- Cash	1.06	2,504	-	-	2,504
- Amounts receivable from directors and key management personnel	6.20	-	52	-	52
Financial liabilities:					
Non interest bearing liabilities	0.00	9,861	-	-	9,861
Variable interest rate instruments					
- Bank loans	4.01	-	-	52,980	52,980
Fixed interest rate instruments					
- Bank loans	8.17	-	-	5,000	5,000
- Finance lease liability	6.56	383	676	1,187	2,246
- Hire Purchase/Chattel Mortgage liability	6.09	842	684	3,976	5,501
Year ended 30 June 2013					
Financial assets:					
Non interest bearing assets	-	10,831	-	-	10,831
Variable interest rate instruments					
- Cash	0.72	379	-	-	379
- Amounts receivable from directors and key management personnel	2.97	40	48	212	300
Financial liabilities:					
Non interest bearing liabilities	-	10,767	-	-	10,767
Variable interest rate instruments					
- Bank loans	4.98	59,480	-	-	59,480
Fixed interest rate instruments					
- Bank loans	8.30	5,000	-	-	5,000
- Finance lease liability	7.92	344	326	1,561	2,231
- Hire Purchase/Chattel Mortgage liability	7.40	665	1,166	1,601	3,432

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

The fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the statement of financial position and notes to the financial statements.

NOTE 28: CONSOLIDATED ENTITY DETAILS

The registered office of the consolidated entity is:

151 Broderick Road
LARA VICTORIA 3212

NOTE 29: SHARE BASED PAYMENTS

(a) Employee option plan

The consolidated entity has an ownership-based compensation scheme for employees, officers and consultants.

Each option converts into one ordinary share of Boundary Bend Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

NOTE 29: SHARE BASED PAYMENTS (CONTINUED)

Details of the options granted are provided below:

Grant date	Expiry date	Exerc-ise price	Fair value at grant date	Balance at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Exercis-able at end of the year
2014									
31-Oct-11	31-Oct-14	$1.60	$1.50	200,000	-	(50,000)	-	150,000	150,000
15-Feb-12	15-Feb-17	$1.50	$1.50	150,000	-	-	-	150,000	150,000
30-Jun-12	30-Jun-15	$1.80	$1.30	100,000	-	-	-	100,000	100,000
30-Jun-12	30-Jun-15	$1.60	$1.30	2,150,000	-	(150,000)	-	2,000,000	1,050,000
01-Nov-12	01-Nov-16	$1.50	$1.30	375,000	-	-	-	375,000	375,000
15-Nov-12	01-Nov-16	$1.55	$1.30	1,250,000	-	-	-	1,250,000	1,250,000
15-Feb-13	01-Nov-16	$1.50	$1.50	275,000	-	-	-	275,000	150,000
20-Sep-13	30-Jun-15	$1.60	$1.50	-	200,000	-	-	200,000	200,000
10-Dec-13	01-Dec-16	$2.50	$2.40	-	375,000	-	-	375,000	375,000
15-Mar-14	01-Dec-16	$2.50	$2.40	-	52,083	-	-	52,083	52,083
01-May-14	01-May-20	$2.50	$2.40	-	300,000	-	-	300,000	-
				4,500,000	927,083	(200,000)	-	5,227,083	3,852,083
Weighted average exercise price:				$1.57	$2.31	$1.60	$0.00	$1.70	$1.67
2013									
13-Nov-09	01-Jul-12	$1.30	$1.30	225,000	-	-	(225,000)	-	-
30-Jun-10	01-Jul-13	$1.40	$1.40	45,000	-	(45,000)	-	-	-
31-Oct-11	31-Oct-14	$1.60	$1.50	200,000	-	-	-	200,000	200,000
15-Feb-12	15-Feb-17	$1.50	$1.50	150,000	-	-	-	150,000	150,000
30-Jun-12	30-Jun-15	$1.80	$1.30	100,000	-	-	-	100,000	100,000
30-Jun-12	30-Jun-15	$1.60	$1.30	2,150,000	-	-	-	2,150,000	1,200,000
01-Nov-12	01-Nov-16	$1.50	$1.30	-	375,000	-	-	375,000	375,000
15-Nov-12	01-Nov-16	$1.55	$1.30	-	1,250,000	-	-	1,250,000	1,250,000
15-Feb-13	01-Nov-16	$1.50	$1.50	-	275,000	-	-	275,000	150,000
				2,870,000	1,900,000	(45,000)	(225,000)	4,500,000	3,425,000
Weighted average exercise price:				$1.58	$1.53	$1.40	$1.30	$1.57	$1.57

(b) Fair value of share options granted in the year

There were 927,083 options granted during the year (2013: 1,900,000). Options were priced using the Black-Scholes option pricing model. Expected volatility is based on relevant industry benchmark, as the consolidated entity does not have an reasonable measure of its own volatility.

Inputs into the model	Options series 20-Sep-13	10-Dec-13	15-Mar-14	1-May-14
Number of options issued	200,000	375,000	52,083	300,000
Grant date share price	$1.50	$2.40	$2.40	$2.40
Exercise price	$1.60	$2.50	$2.50	$2.50
Expected volatility	27%	27%	27%	27%
Option life	1.8 years	3 years	2.7 years	6 years
Dividend yield	7%	6%	6%	6%
Risk-free interest rate	2.86%	3.04%	2.93%	3.32%

NOTE 29: SHARE BASED PAYMENTS (CONTINUED)

(c) Share options exercised during the year

50,000 options granted on 31 October 2011 were exercised on 23 January 2014. 150,000 options granted on 30 June 2012 were exercised on 22 August 2013. (2013: 45,000 options granted on 30 June 2010 were exercised on 12 June 2013).

(d) Options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of $1.70 (2013: $1.57), and a weighted average remaining contractual life of 697 days (2013: 946 days).

NOTE 30: DIVIDENDS	2014 $'000	2013 $'000
Dividends declared and payable at $0.10 per share (2013: $0) fully franked at 30%	4,908	-
Balance of franking account on a tax paid basis at financial year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years:	128	2,232

NOTE 31: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015

A detailed assessment of these standards has not been undertaken, however the directors do not anticipate that the adoption of these Standards and Interpretations will have a material financial impact on the financial statements of the consolidated entity.

These Standards and Interpretations will be first applied in the financial report of the consolidated entity that relates to the annual reporting period beginning after the effective date of each pronouncement.

NOTE 32: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Boundary Bend Limited and controlled entities, financial statements:

(a) Summarised parent statement of financial position

	2014 $'000	2013 $'000
Assets		
Current assets	3,153	326
Non-current assets	112,532	116,112
Total assets	115,685	116,438
Liabilities		
Current liabilities	436	65,084
Non-current liabilities	57,980	-
Total liabilities	58,416	65,084
Net assets	57,269	51,354
Equity		
Share capital	71,250	61,312
Retained earnings	(15,367)	(11,137)
Reserves	-	-
Share based payments reserve	1,386	1,179
Cash flow hedge reserve	-	-
Total equity	57,269	51,354

(b) Summarised parent statement of comprehensive income

	2014 $'000	2013 $'000
Profit/(loss) for the year	678	(212)
Other comprehensive income for the year	-	60
Total comprehensive income for the year	678	(152)

(c) Parent entity guarantees

The bank loans are secured by a general security interest over the assets and undertakings of Boundary Bend Limited and its subsidiaries. The bank also has mortgages over the real properties owned by the consolidated entity. All subsidiaries guarantee the bank loans.

(d) Parent entity contingent liabilities

There are no contingent liabilities as at 30 June 2014, other than the contingent liability in Note 5(g).

(e) Parent entity contractual commitments

The parent entity has no contractual commitments for the acquisition of property, plant or equipment.

NOTE 33: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2014.

NOTE 34: KEY MANAGEMENT PERSONNEL COMPENSATION

Details of key management personnel
The directors and other members of key management personnel of the consolidated entity during the year were:

R.D. McGavin (Executive Chairman)
P.C. Riordan (Operations Director)
L.M. Ravetti (Technical Director)
T.A. Jonas (Non-executive Director)
C.P. Ball (Non-executive Director)
J. West (Non-executive Director)
T.F. Smith (Sales and Marketing Director)
M. Bailey (Non-executive Director)
S.J. Beaton (Company Secretary, Chief Financial Officer)

Key management personnel compensation
The aggregate compensation made to key management personnel of the consolidated entity is set out below:

	2014 $	2013 $
Compensation received by key management personnel of the consolidated entity:		
- short-term employee benfits	1,779,035	1,261,381
- post-employment benefits	281,562	581,826
- share based payments	-	-
	2,060,597	1,843,207

NOTE 35: BUSINESS COMBINATIONS

On 30 November 2012, the consolidated entity acquired the Red Island and NJOI brands, bottling line and associated assets from the ASX listed olive company Redisland Australia Limited (Redisland). The acquisition was funded though a facility provided by the company's existing banker.

	$'000
Cash consideration	4,000
Transfer of Redisland Limited shares to Redisland Limited	108
Other acquisition related costs	37
Total cost of combination	**4,145**
Assets and liabilities acquired	
Trademark	3,905
Plant & equipment	240
	4,145

Impact of acquisition on the results
Included in the revenue for the year is $8.3 million of revenue attributable to the Redisland brand. Due to the integration of the brand into existing operations and cost structures, the profit directly attributable to the brand cannot be reliably determined.

NOTE 36: SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 37: COMMITMENTS FOR EXPENDITURE

The consolidated entity has committed 4.014 million to purchase a new bottling line. The new line will increase bottling capacity from approximately 4,000 bottles per hour to in excess of 12,000 bottles per hour. The new line is scheduled to be delivered in October 2014. 90% of the purchase price is due on delivery and 10% following commissioning.

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 25 - 68, are in accordance with the *Corporations Act 2001* :

    (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and

    (b) as stated in Note 1, the financial statements also comply with International Financial Reporting Standards; and

    (c) give a true and fair view of the financial position as at 30 June 2014 and performance for the year ended on that date of the consolidated entity.

2. In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: ______________________________

Robert McGavin

Director: ______________________________

Craig Ball

Dated this 24th day of September 2014

Deloitte.

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Independent Auditor's Report to the Members of Boundary Bend Limited

Report on the Financial Report

We have audited the accompanying financial report of Boundary Bend Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 25 to 69.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Boundary Bend Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Boundary Bend Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 22 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Boundary Bend Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 24 September 2014